Audited Financial Statements

The Resource Foundation, Inc.

December 31, 2015 and 2014

THE RESOURCE FOUNDATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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MMJ | MAIER MARKEY & JUSTIC LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Resource Foundation, Inc.

We have audited the accompanying financial statements of The Resource Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the year 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 of 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.

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An audit also includes evaluating the appropriateness of accounting policies used and 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 financial statements referred to above present fairly, in all material respects, the financial position of The Resource Foundation, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the audited procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

White Plains, New York
March 11, 2016

THE RESOURCE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,867,411	$ 3,715,305
Investments	124,014	123,010
Unconditional promises to give		
Unrestricted	-	67,580
Restricted for programs serving low income persons in developing countries	777,000	582,185
Prepaid expenses	11,909	5,241
Other assets	16,591	16,591
Property and equipment, net of accumulated depreciation of $185,166 and $131,152 in 2015 and 2014, respectively	146,859	200,000
Total assets	$ 5,943,784	$ 4,709,912
LIABILITIES		
Accounts payable and accrued expenses	$ 26,000	$ 29,060
Grants payable	350,130	919,594
Finance agreement payable	36,420	67,985
Other liabilities	9,048	9,745
Total liabilities	421,598	1,026,384
NET ASSETS		
Unrestricted	109,412	252,108
Temporarily restricted	5,412,774	3,431,420
Total net assets	5,522,186	3,683,528
Total liabilities and net assets	$ 5,943,784	$ 4,709,912

See accompanying notes and auditor's report.

THE RESOURCE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Membership dues	$ 54,700	$ -	$ 54,700	$ 64,830	$ -	$ 64,830
Individual contributions	725,804	-	725,804	386,208	-	386,208
Grant support	5,561,515	5,047,143	10,608,658	4,932,122	3,185,832	8,117,954
Investment income	1,463	-	1,463	14,882	-	14,882
In-kind revenue	14,600	-	14,600	-	-	-
Net assets released from restrictions	3,065,789	(3,065,789)	-	1,972,196	(1,972,196)	-
Total revenue and support	9,423,871	1,981,354	11,405,225	7,370,238	1,213,636	8,583,874
Expenses:						
Program Services	8,704,301	-	8,704,301	6,614,750	-	6,614,750
Supporting services:						
General and administration	443,075	-	443,075	426,026	-	426,026
Fundraising	419,191	-	419,191	351,681	-	351,681
Total expenses	9,566,567	-	9,566,567	7,392,457	-	7,392,457
Changes in net assets	(142,696)	1,981,354	1,838,658	(22,219)	1,213,636	1,191,417
Net assets- beginning of year	252,108	3,431,420	3,683,528	274,327	2,217,784	2,492,111
Net assets- end of year	$ 109,412	$ 5,412,774	$ 5,522,186	$ 252,108	$ 3,431,420	$ 3,683,528

See accompanying notes and auditor's report.

THE RESOURCE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,838,658	$ 1,191,417
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	54,014	49,203
Unrealized loss (gain) on investments	2,197	(12,574)
Realized gain on investments	-	(43)
(Increase) decrease in:		
Unconditional promises to give:		
Unrestricted	67,580	(790)
Restricted for programs	(194,815)	(573,985)
Prepaid expenses	(6,668)	(2,560)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,060)	5,255
Grants payable	(569,464)	(525,593)
Other liabilities	(697)	1,559
Net cash provided by operating activities	1,187,745	131,889
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,201)	(1,508)
Proceeds from sales of investments	-	100
Purchase of property and equipment	(873)	(33,214)
Net cash used in investing activities	(4,074)	(34,622)
CASH FLOWS FROM FINANCING ACTIVITY:		
Repayments made to lending institution	(31,565)	(26,708)
Net increase in cash and cash equivalents	1,152,106	70,559
Cash and cash equivalents- beginning of year	3,715,305	3,644,746
Cash and cash equivalents- end of year	$ 4,867,411	$ 3,715,305

See accompanying notes and auditor's report.

THE RESOURCE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1 – Principal business activity and summary of significant accounting policies

Nature of Organization
The Resource Foundation, Inc. ("The Foundation") is a not-for-profit corporation organized in 1987 for the purpose of helping to increase the flow of resources going to low-income persons through the socio-economic development activities of private agencies in developing countries. The Foundation's primary sources of support are grants from corporations, foundations and individuals.

Tax status
The Foundation is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. The Foundation does not pay Federal income taxes, and contributions to the Foundation are tax-deductible for Federal income tax purposes, subject to certain limitations. The Foundation is subject to income taxes only on unrelated business income. The Foundation did not have any unrelated business income for the years ended December 31, 2015 and 2014.

Uncertain tax positions
The Financial Accounting Standards Board ("FASB") issued Codification Topic 740, Accounting for Income Taxes, for nonpublic organizations, which requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty in their tax position, since events could potentially occur to jeopardize their tax exempt status. The Foundation's accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Foundation has not recognized any benefits from uncertain tax positions in 2015 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date.

The Foundation's federal and state income tax returns for tax years 2012 and beyond remain subject to examination.

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 the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents
For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 1 - Principal business activity and summary of significant accounting policies (continued)

Promises to give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Restricted cash

Cash received from donors which is restricted for support of programs serving low income persons in developing countries is not available for operating purposes.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in ASC 958-210 which provides guidance on the classification of net assets. The amounts for each of the three classes of net assets based on the existence or absence of donor-imposed restriction described as follows:

Unrestricted – Unrestricted net assets result from support and revenue received without donor stipulation.

Temporarily restricted – Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as a net asset released from restrictions.

Permanently restricted – Permanently restricted net assets are those assets which have a donor imposed restriction stipulating that resources be maintained in perpetuity. In certain instances permanent restrictions extend to the appreciation of the market value of the contributed assets. Temporary restrictions may be placed on the use of income derived from these assets.

The Foundation had no permanently restricted net assets at December 31, 2015 and 2014.

Property and equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the remaining gain or loss is included in the results of operations.

Depreciation is provided using the straight line method over the useful lives of the related assets.

Note 1 - Principal business activity and summary of significant accounting policies (continued)

Grants payable

Grants payable consist of amounts awarded, but not paid, to nonprofit groups. The grants payable are paid within one year.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to programs and supporting services. Accordingly, certain costs have been allocated among programs, supporting services - general administration and fundraising based on estimates of the Foundation's management.

Note 2 – Investments

Investments held by the Foundation consist of the following at December 31,

	Cost		Market	
	2015	2014	2015	2014
Mutual fund	$ 76,240	$ 73,039	$ 124,014	$ 123,010

The following summarizes investment income for the years ended December 31,

	2015	2014
Interest and dividends	$ 3,660	$ 2,265
Unrealized (loss) gain	(2,197)	12,574
Realized gain	-	43
	$ 1,463	$ 14,882

The Foundation's adoption of FASB Codification Topic 320 requires, among other things, enhanced disclosures about investments that are measured and reported at fair value. FASB Codification Topic 320 establishes a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or

Note 2 – Investments (continued)
for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I— Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities, securities and listed derivatives. As required by FASB Codification Topic 320, the Foundation does not adjust the quoted price for these investments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level II— Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III— Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2015 and 2014, the foundation did not have any Level II or Level III investments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Mutual funds: are valued at the net asset value of shares held by the Foundation at year end.

THE RESOURCE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 2 – Investments (continued)
The following table summarizes the levels in the FASB Codification Topic 320 fair value hierarchy that the Foundation's investments fall into as of December 31, 2015:

Type	Level I	Level II	Level III	Total
Mutual fund	$ 124,014	$ -	$ -	$ 124,014

The following table summarizes the levels in the FASB Codification Topic 320 fair value hierarchy that the Foundation's investments fall into as of December 31, 2014:

Type	Level I	Level II	Level III	Total
Mutual fund	$ 123,010	$ -	$ -	$ 123,010

Note 3 – Unconditional promises to give
Unconditional promises to give at December 31, 2015 and 2014 are due within one year. Uncollectible promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

Note 4 – Property and equipment
Property and equipment consist of the following at December 31,:

	2015	2014
Office equipment and fixtures	$ 55,134	$ 55,134
Computer equipment	276,891	276,018
	332,025	331,152
Less: accumulated depreciation	(185,166)	(131,152)
	$ 146,859	$ 200,000

Depreciation expense was $54,014 and $49,203 for the years ended December 31, 2015 and 2014, respectively.

Note 5 – Finance agreement payable
The Foundation entered into a $145,681 finance agreement related to the acquisition of licensed software. The agreement is noninterest bearing and is payable in 60 equal monthly installments of $2,428. The outstanding balance is $36,420 and $67,985 as of December 31, 2015 and 2014 respectively, and is included in finance agreement payable on the statement of financial position.

Note 5 – Finance agreement payable (continued)

Payments of the finance agreement payable for the years ending December 31 are as follows:

2016	$ 29,136
2017	7,284
	$ 36,420

Note 6 – Temporarily restricted net assets

Temporarily restricted net assets are available for the following programs and projects in the Americas consists of the following at December 31,:

	2015	2014
Educational Programs	$ 382,808	$ 1,620,980
Environmental Programs	238,400	1,000,000
Nutrition Programs	1,426,474	494,950
Cultural Programs	73,633	144,433
Health Programs	3,042,968	113,802
Developmental Programs	77,347	57,255
Training and Disaster Relief Programs	171,144	-
	$ 5,412,774	$ 3,431,420

Note 7 – Concentration of credit risks

The Foundation maintains its cash and cash equivalents in accounts that are insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”). Throughout the year the bank balances may exceed the limit insured by the FDIC. The Foundation has not experienced any losses to date resulting from this policy.

Approximately 92% of unconditional promises to give is from two donors and 78% of revenue and support is from five donors as of and for the year ended December 31, 2015. Approximately 77% of unconditional promises to give is from one donor and 75% of revenue and support is from six donors as of and for the year ended December 31, 2014.

Note 8 – Board Designated Fund

The Foundation created a board-designated fund (the "Fund") that is included in unrestricted net assets on the Statements of Financial Position to ensure the long-term stability of the Foundation against any unforeseen downturns in the economy and/or short-term cash flow difficulties.

Interpretation of relevant law

The Board of Directors of the Foundation has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original funds appropriated by the Board of Directors. As a result of this interpretation, the Foundation classifies as board designated unrestricted net assets (a) the original value of funds appropriated to the Fund, (b) the original value of subsequent funds appropriated to the Fund, and (c) accumulations to the Fund made in accordance with the direction of the Board of Directors. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate board designated funds:

1. the duration and preservation of the Fund;
2. the purposes of the Foundation and the Fund;
3. general economic conditions;
4. the possible effect of inflation and deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the Foundation; and
7. the investment policies of the Foundation.

Return objectives and risk parameters

The funds are to be invested in a diverse and conservative manner in order to protect the integrity of the Fund and allow it to fulfill its stated purpose.

Strategies employed for achieving objectives

To satisfy its long-term objectives, the Foundation relies on a strategy designed to provide for the long-term preservation of the Fund.

Invested assets are managed in a socially responsible manner with the goal of protecting principal.

Spending policy

Funds may only be disbursed to the Foundation. Use of the Fund is restricted to confronting major crisis situations and short-term cash flow problems. Major crisis situations are those characterized by general economic downturns or other adverse conditions that have a significant impact on the projected and/or actual income from corporate donors, major individual contributors, and other sources representing the majority of the Foundation's annual support. Short-term cash flow problems are those characterized by temporary conditions that may occur during the year, and that have very reasonable expectations of being overcome during the same fiscal period as the result of the normal schedule of receipts.

Note 8 – Board Designated Fund

In order to access the Fund in either of these situations, the Executive Director is required to present a written request to the Fund subcommittee. The Fund subcommittee will then review the case, and, if approved, make a recommendation to the Executive Committee and/or the full Board for final approval. There are no limitations regarding the use of the Fund in a major crises situation, while short-term cash flow problems are limited to 25% of the total Fund or $75,000, whichever is less.

Additionally, as discussed in Note 9, annual payments of $3,750 are payable to a donor. These monies are considered part of the Fund, and these payments therefore decrease the balance of the Fund.

The following schedule summarizes the activity for the Board Designated Fund for the years ended December 31,:

	2015	2014
Board Designated Fund, beginning of year	$ 350,021	$ 339,288
Investment earnings	1,457	14,583
Amounts appropriated for expenditure	(3,750)	(3,850)
Board Designated Fund, end	$ 347,728	$ 350,021

Note 9 – Irrevocable charitable gift annuity split interest agreement

In 2003, the Foundation entered into an irrevocable gift annuity agreement under which the Foundation received negotiable securities with a fair market value of $50,000. Under the terms of the split interest agreement, the Foundation shall pay to the donor and one additional beneficiary during their joint lives, and to the survivor during his or her life, an annual annuity of $3,850. Assets of $8,478 and $12,206 for the years ended December 31, 2015 and 2014, respectively, related to this split interest agreement are included in cash and cash equivalents.

Note 10 – Retirement plan

During 2001, the Foundation adopted a 403(b) retirement plan. Employees are eligible to participate in the 403(b) plan when they begin work. Employer contributions under the plan are made at the Foundation’s discretion. No contributions were made by the Foundation to the plan for the years ended December 31, 2015 and 2014, respectively.

Note 11 – Lease commitment and rent

During 2008, the Foundation entered into a rental lease agreement, starting May 1, 2008 for a period of five years. During 2013, the Foundation extended the lease through April 30, 2018. Future minimum obligations under this lease term as of December 31, 2015 are as follows:

2016	$ 77,834
2017	79,974
2018	26,898
	$ 184,706

Rent expense of $75,277 and $75,282 related to this lease are included in rent and related costs on the schedule of functional expenses for 2015 and 2014, respectively.

The Foundation leases a phone system and copy machine under separate operating lease agreements. Future minimum obligations under this lease term as of December 31, 2015 are as follows:

2016	$ 1,675

In-Kind Donation

In-kind donations are recognized as contributions and measured at fair value when originally received in accordance with FASB ASC 958-605. The Foundation recognizes noncash gifts as income in the period in which they are received and records an offsetting expense. Donors contributed items in a silent auction which are included in promotions and fundraising in the accompanying schedules of functional expenses. For the years ended December 31, 2015 and 2014 the value of these items were $14,600 and $-0-, respectively.

Note 12 – Subsequent events

The Foundation has evaluated its subsequent events through March 11, 2016, the date the financial statements were issued. The Foundation had no material events requiring disclosure.

SUPPLEMENTARY INFORMATION

THE RESOURCE FOUNDATION, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
		Supporting Services				Supporting Services		
	Program	General and Administration	Fundraising	Total	Program Services	General and Administration	Fundraising	Total
Grants and workshops	$ 8,227,766	$ -	$ -	$ 8,227,766	$ 6,153,475	$ -	$ -	$ 6,153,475
Salaries, payrol taxes and benefits	387,096	290,322	290,322	967,740	378,564	283,924	283,924	946,412
Insurance	-	11,727	-	11,727	-	13,264	-	13,264
Promotions and fundraising	-	-	61,791	61,791	-	-	5,718	5,718
Printing and copying	4,184	3,138	3,138	10,460	4,318	3,239	3,239	10,796
Publications	223	167	167	557	2,091	1,569	1,569	5,229
Office supplies	1,176	882	882	2,940	1,556	1,167	1,167	3,890
Professional fees	12,009	73,427	9,007	94,443	5,587	65,783	4,190	75,560
Telephone and utilities	10,557	7,918	7,918	26,393	10,632	7,975	7,975	26,582
Postage	425	317	317	1,059	1,000	751	751	2,502
Rent	31,666	23,750	23,750	79,166	30,897	23,174	23,174	77,245
Travel and conferences	3,946	2,960	2,960	9,866	1,600	1,200	1,200	4,000
Depreciation	21,606	16,204	16,204	54,014	19,681	14,761	14,761	49,203
Bank charges	-	9,528	-	9,528	-	5,206	-	5,206
Miscellaneous	3,647	2,735	2,735	9,117	5,349	4,013	4,013	13,375
	$ 8,704,301	$ 443,075	$ 419,191	$ 9,566,567	$ 6,614,750	$ 426,026	$ 351,681	$ 7,392,457

See accountant's report on supplementary information.