

RESIST, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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RESIST, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Information for 2017)

A large black rectangular box containing the word "Resist." in a white, serif font. The word is centered and has a period at the end.

Mission Statement

*Resist is a foundation that supports people's movements for justice and liberation.
We redistribute resources back to frontline communities at the forefront
of change while amplifying their stories of building a better world.*

RESIST, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RESIST, Inc.
Jamaica Plain, Massachusetts

We have audited the accompanying financial statements of RESIST, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RESIST, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
RESIST, Inc.

Report on Summarized Comparative Information

We have previously audited RESIST, Inc.'s 2017 financial statements, and our report dated April 13, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
April 25, 2019

RESIST, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 125,816	\$ 303,240
Contributions Receivable	50,626	-
Prepaid Expenses	9,429	4,539
Total Current Assets	<u>185,871</u>	<u>307,779</u>
<u>LONG-TERM INVESTMENTS:</u>		
Board Designated Investments	<u>637,916</u>	<u>539,784</u>
<u>OTHER ASSETS:</u>		
Security Deposits	<u>500</u>	<u>2,230</u>
Total Other Assets	<u>500</u>	<u>2,230</u>
<u>TOTAL ASSETS</u>	<u>\$ 824,287</u>	<u>\$ 849,793</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Grants Payable	\$ 56,000	\$ 121,785
Accounts Payable and Accrued Expenses	2,423	37,201
Accrued Payroll and Related Costs	8,438	6,298
Total Current Liabilities	<u>66,861</u>	<u>165,284</u>
<u>NON-CURRENT LIABILITIES:</u>		
Grants Payable	28,000	12,000
Deposits Held	-	1,750
Total Non-Current Liabilities	<u>28,000</u>	<u>13,750</u>
<u>TOTAL LIABILITIES</u>	<u>94,861</u>	<u>179,034</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Board Designated	637,916	539,784
Operating	47,648	130,975
Total Net Assets Without Donor Restrictions	685,564	670,759
Net Assets With Donor Restrictions	43,862	-
Total Net Assets	<u>729,426</u>	<u>670,759</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 824,287</u>	<u>\$ 849,793</u>

RESIST, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for 2017)

	2018			<u>2017</u> <u>TOTAL</u>
	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u>	
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Public Support:</i>				
Gifts and Pledges	\$ 1,286,443	\$ 60,000	\$ 1,346,443	\$ 1,244,885
Bequests	86,589	-	86,589	22,721
Total Public Support	<u>1,373,032</u>	<u>60,000</u>	<u>1,433,032</u>	<u>1,267,606</u>
<i>Other Revenues:</i>				
Net Investment Return	13,013	-	13,013	43,908
Other Revenues	1,523	-	1,523	2,257
Total Other Revenues	<u>14,536</u>	<u>-</u>	<u>14,536</u>	<u>46,165</u>
<i>Reclassifications of Net Assets:</i>				
Satisfaction of Donor Restrictions	16,138	(16,138)	-	-
Total Reclassifications	<u>16,138</u>	<u>(16,138)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,403,706</u>	<u>43,862</u>	<u>1,447,568</u>	<u>1,313,771</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	992,526	-	992,526	846,850
Administrative	100,340	-	100,340	100,596
Fund Raising	296,035	-	296,035	286,103
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,388,901</u>	<u>-</u>	<u>1,388,901</u>	<u>1,233,549</u>
<u>CHANGE IN NET ASSETS</u>	14,805	43,862	58,667	80,222
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>670,759</u>	<u>-</u>	<u>670,759</u>	<u>590,537</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 685,564</u>	<u>\$ 43,862</u>	<u>\$ 729,426</u>	<u>\$ 670,759</u>

RESIST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

(With Summarized Comparative Totals for 2017)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2018</u>	<u>2017</u>
Salaries and Wages	\$ 199,058	\$ 34,124	\$ 51,186	\$ 284,368	\$ 279,156
Employee Benefits	38,853	6,660	9,991	55,504	68,910
Payroll Taxes	<u>22,671</u>	<u>3,886</u>	<u>5,830</u>	<u>32,387</u>	<u>27,005</u>
Total Personnel Costs	260,582	44,670	67,007	372,259	375,071
Grants Awarded	653,646	-	-	653,646	523,954
Cost of Direct Mail Campaigns	-	-	177,945	177,945	172,544
Advertising and Outreach	250	1,408	250	1,908	2,785
Occupancy	13,523	2,318	3,478	19,319	34,957
Amortization Expense	-	-	-	-	3,667
General Insurance	803	138	206	1,147	1,112
Director and Officer Insurance	-	2,737	-	2,737	2,737
Equipment Rental and Maintenance	669	1,328	755	2,752	5,139
Telephone, Website and Communications	5,117	374	562	6,053	8,457
Office Expenses and Minor Equipment	2,372	376	564	3,312	2,168
Postage, Freight and Delivery	399	4,278	3,254	7,931	6,320
Accounting/Audit Fees	-	11,500	-	11,500	11,500
Consultants/Professional Fees	34,944	8,879	26,126	69,949	36,417
Board of Directors Expenses	166	165	-	331	832
Travel, Conferences and Staff Development	13,542	4,491	-	18,033	5,425
General Fund Raising Expenses	-	-	5,706	5,706	5,231
Memberships, Publications and Filing Fees	4,408	5,991	9,641	20,040	17,365
Bank and Credit Card Processing Fees	-	9,722	-	9,722	14,182
Miscellaneous Expenses	<u>2,105</u>	<u>1,965</u>	<u>541</u>	<u>4,611</u>	<u>3,686</u>
Total Functional Expenses	<u>\$ 992,526</u>	<u>\$ 100,340</u>	<u>\$ 296,035</u>	<u>\$ 1,388,901</u>	<u>\$ 1,233,549</u>

RESIST, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 58,667	\$ 80,222
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Interest and Dividend Income	(8,558)	(7,651)
Investment Gains	(4,455)	(40,932)
Amortization Expense	-	3,667
<i>(Increase) Decrease in Current Assets:</i>		
Contributions Receivable	(50,626)	-
Prepaid Expenses	(4,890)	3,881
<i>Increase (Decrease) in Current Liabilities:</i>		
Grants Payable	(65,785)	33,785
Accounts Payable and Accrued Expenses	(34,778)	(6,867)
Accrued Payroll and Related Costs	2,140	(6,443)
<i>(Increase) Decrease in Other Assets:</i>		
Security Deposits	1,730	-
Increase (Decrease) in Non-Current Grants Payable	16,000	(12,000)
Net Adjustment	(149,222)	(32,560)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(90,555)</u>	<u>47,662</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from Sale of Investments and Maturities	381,960	230,283
Purchase of Investments	(388,408)	(146,497)
Net Cash Flows from Investing Activities	(6,448)	83,786
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(97,003)</u>	<u>131,448</u>
<u>CASH - BEGINNING OF YEAR</u>	<u>505,131</u>	<u>373,683</u>
<u>CASH - END OF YEAR</u>	<u>\$ 408,128</u>	<u>\$ 505,131</u>
<i>Cash Balances:</i>		
Cash	\$ 125,816	\$ 303,240
Included in Board Designated Investments	282,312	201,891
Total	<u>\$ 408,128</u>	<u>\$ 505,131</u>

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

NOTE 1 ORGANIZATION

RESIST, Inc., (“RESIST” or the “Organization”) an organization which promotes world peace and equality through informing the public about current affairs and assisting community groups with similar goals, was incorporated in 1978 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code. RESIST has been classified as an organization which is not a private foundation under section 509(a); accordingly, contributions to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

Mission:

Resist is a foundation that supports people's movements for justice and liberation. We redistribute resources back to frontline communities at the forefront of change while amplifying their stories of building a better world.

Resist has two programmatic areas: Grantmaking as well as Political Education and Communications.

Grantmaking Program:

Resist maintains a vigorous grantmaking program that funds four times each year.

Resist funds activist organizing, cultural organizing, resilience building, and educational work within movements for social change - concentrating on support for organizations that do not have access to more traditional sources of funds. As a result, Resist’s funding priorities include groups with an annual budget of \$150,000 or less and projects that encourage people to take action, rather than merely disseminate information or perform social services. Grant decisions are made by current or past grantees who sit on Resist’s Grant-Making Panel and are made in accordance with Resist’s funding priorities. Targeted Grantmaking Programs include:

General Support - Organizations that meet Resist’s funding criteria may apply for a one-year general support grant, with the maximum amount requested not to exceed \$4,000. Resist provides funds for general support as a means of enabling grantees to build infrastructure and capacity while engaged in ongoing social justice activism.

Multi-Year Funding - After carefully considering how to maximize its impact in building capacity and supporting the long-term work of movements for social change, Resist initiated a multi-year funding program in 2001. Multi-year grants cover a three-year period and are designed to provide general support to eligible grantee organizations. Grants awards are \$4,000 for each year of eligibility.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 2 (Continued)

Rapid Response Funding - Resist offers a \$1,000 Rapid Response grant to better meet the needs of frontline groups and organizations. This grant is for groups looking to:

Imagine and Build: for groups seeking financial support with training, consultation, healing, cultural work, conflict resolution, and/or restructuring.

Resist and Respond: for groups seeking to respond to unforeseen and timely political opportunities with organizing and/or cultural interventions.

Political Education and Communications Program:

Resist's communications program is its political education work, expressed principally through our online and social media presence.

Online and Social Media - The Resist website (www.resist.org) provides an array of resources to grantees, donors, and colleagues. Resist utilizes email communication with a few thousand subscribers, as well as Facebook, Twitter, and Instagram to provide timely analysis of emergent as well as ongoing political issues.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

The Organization maintains its books and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Fair Value of Financial Instruments:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 (Continued)

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's financial statements is the recurring measurement of the *Board Designated Investments*. There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes. As of and for the year ended December 31, 2017, all activities and net assets were classified as net assets without donor restrictions.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

The accompanying financial statements include certain 2017 comparative information. With respect to the Statement of Functional Expenses, 2017 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Contributions Receivable:

Contributions Receivable reflects unconditional promises to give. Receivables are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. As of December 31, 2018, all contributions receivable were classified as current.

Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established. If balances due are determined to be uncollectible in subsequent periods, an allowance will be established at that time.

Investments:

The Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the Organization's Statement of Activities. Purchases and sales of securities are recorded on the trade date. In determining the realized gains (losses) on the sales of securities, the cost of securities sold has been determined on a specific identification basis.

Occasionally, RESIST, Inc. receives donations of stocks which are recorded as contribution revenue when received. In addition, RESIST, Inc. maintains investment accounts which are held in managed brokerage accounts. Investments which are Board designated are classified as long-term investments because those assets are not intended for use in the current operating budget. Any remaining investments are classified as current, as they may be available for current activities. For the years presented, all investments were considered to be long-term.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets as expressed in terms of years.

Property and equipment consists of fully depreciated leasehold improvements, office furnishings and equipment with a combined original cost of \$28,375 as of December 31, 2017. During 2018, the Organization relocated and disposed of all fully depreciated leasehold improvements, office furnishings and equipment.

Intangible Assets:

The Organization deferred costs totaling \$22,000 associated with its website development, membership software and grants management software. The intangible assets have been amortized over 36 months concluding in 2017. Amortization expense was \$3,667 for the year ended December 31, 2017.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, real property, or promises to give. Occasionally, RESIST receives donations of stocks which are recorded as contribution revenue at the fair value of the stock when received.

RESIST also receives occasional bequests. Bequests are a donor's intention to provide a portion of his/her estate to RESIST for its general funds. All amounts stated in a bequest are subject to change based upon the remaining value of estate assets after all debts and obligations have been fulfilled. Therefore, such donations are not recognized as contribution revenue until the ultimate gifts are received. During the years ended December 31, 2018 and 2017, contribution revenue from bequests amounted to \$86,589 and \$22,721, respectively.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction until the restriction expires, at which time these amounts are reclassified to net assets without donor restrictions.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, RESIST maintains a policy whereby the value of the donated goods and services which requires a specialized skill and which would have otherwise been purchased by the Organization are recognized as in-kind revenue with a corresponding increase in functional expenses, or fixed assets. For the years presented, there were no in-kind donations which met the recognition criteria.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated according to the Organization's cost allocation plan as well as other payroll and level of effort based formulas. Expenses allocated by time consist of *Salaries and Wages, Employee Benefits and Payroll Taxes*.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Supporting services are those related to operating and managing RESIST, Inc. and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to RESIST, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, direct and indirect costs of special fund raising events, distribution of materials and other similar projects related to the procurement of funds and volunteer services for the Organization's programs.

Reclassifications:

Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets

Recent Accounting Guidance:

Recently Implemented Standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. This ASU modified the current guidance over several criteria, of which the following affected the Organization's financial statements:

- The Organization's net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions" as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date.
- The Organization provided a more in-depth explanation of the methods used to allocate costs among program and supporting functions.

In accordance with this ASU, the Organization has applied a modified retrospective application of the above standard, and as a result, is not presenting a liquidity and availability disclosure for the year ended December 31, 2017.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Recently Issued Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization's financial position or change in net assets.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization's financial position or change in net assets.

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2020. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The adoption of this ASU is not expected to have a material effect on the Organization's financial position or change in net assets.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 4 BOARD DESIGNATED INVESTMENTS

As of December 31, 2018 and 2017, investment costs and unrealized gains and losses consisted of the following components:

	<u>December 31, 2018</u>			
	<u>Cost</u> <u>Basis</u>	<u>Unrealized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Fair Value</u> <u>(Level 1)</u>
Cash	\$304,565	\$ -	\$ -	\$304,565
Certificates of Deposit	23,050	-	-	23,050
Marketable Equity Securities	172,632	19,695	(58)	192,269
Fixed Income Mutual Funds	110,385	1	(331)	110,055
Energy Limited Partnerships	<u>8,860</u>	<u>-</u>	<u>(883)</u>	<u>7,977</u>
Totals	<u>\$619,492</u>	<u>\$19,696</u>	<u>\$(1,272)</u>	<u>\$637,916</u>

	<u>December 31, 2017</u>			
	<u>Cost</u> <u>Basis</u>	<u>Unrealized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Fair Value</u> <u>(Level 1)</u>
Cash	\$209,930	\$ -	\$ -	\$209,930
Certificates of Deposit	23,050	-	-	23,050
Marketable Equity Securities	178,288	35,099	-	213,387
Fixed Income Mutual Funds	83,658	-	(690)	82,968
Energy Limited Partnerships	<u>11,155</u>	<u>87</u>	<u>(793)</u>	<u>10,449</u>
Totals	<u>\$506,081</u>	<u>\$35,186</u>	<u>\$(1,483)</u>	<u>\$539,784</u>

Composition of Investment Return

	<u>2018</u>	<u>2017</u>
Dividend and Interest Income	\$ 8,558	\$ 7,651
Net Unrealized Portfolio Gains (Losses)	(3,590)	12,819
Net Realized Gains on Investment Sales	11,537	28,113
Investment Fees	<u>(3,492)</u>	<u>(4,675)</u>
Net Investment Return	<u>\$13,013</u>	<u>\$43,908</u>

The Organization uses the following ways to determine the fair value of its investments:

Certificates of Deposit: Stated at cost plus accrued interest.

Mutual Funds: Determined at the published NAV unit at the end of the last trading day of the fiscal year, which is the basis for the transactions at that date. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares held by the Organization at year end. NAV is quoted in an active market.

Equity Securities and Energy Limited Partnerships traded on national securities exchanges: Determined by the closing price on the last business day of the year.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 5 NET ASSETS

Board Designated:

Board Designated Net Assets represents resources without donor restrictions that have been designated by the Board of Directors for Legacy Funds and Operating Reserve Funds. Legacy Funds originate from memorial contributions and bequests, some of which include agreed upon spending guidelines with the donors and are intended to support the grantmaking program, while other funds have been established with unrestricted bequests and may be used at the discretion of the Board of Directors.

From time to time, the Board of Directors has authorized temporary borrowings from the discretionary board designated funds, with the intention to replenish the funds. Therefore, the composition of the *Board Designated Net Assets* may include cash, investments and internal loans to be repaid. As of December 31, 2018 and 2017, the composition of the *Board Designated Net Assets* was as follows:

	<u>2018</u>	<u>2017</u>
Long-Term Investments:		
Legacy Funds	\$282,686	\$196,410
Operating Reserve Funds	<u>355,230</u>	<u>343,374</u>
Total	<u>\$637,916</u>	<u>\$539,784</u>

Net Assets With Donor Restrictions:

Net Assets with Donor Restrictions consisted of the following balances as of December 31, 2018:

<u>Nature of Restriction</u>	<u>Amount</u>
Puerto Rico Relief Fund	<u>\$43,862</u>

For the year ended December 31, 2018, net assets were released from restriction for the following purposes:

<u>Nature of Restriction</u>	<u>Amount</u>
Puerto Rico Relief Fund	<u>\$16,138</u>

NOTE 6 GRANTS AWARDED

The RESIST Board of Directors raised the maximum grant award for general support and multi-year grants from \$3,000 to \$4,000 beginning in 2011. For the years ended December 31, 2018 and 2017, grants were awarded to 240 and 161 organizations, respectively.

The liability arising from multi-year commitments which is expected to be paid within one year of the Statement of Financial Position date is classified as current. The remaining future obligation is categorized as non-current.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 6 *(Continued)*

As of December 31, 2018 and 2017, the liability for grants payable scheduled for future payment is as follows:

<u>Payable in Year Ending</u>	<u>2018</u>	<u>2017</u>
December 31, 2018	\$ -	\$121,785
December 31, 2019	56,000	12,000
December 31, 2020	<u>28,000</u>	<u>-</u>
Total Future Funding Commitment	<u>\$84,000</u>	<u>\$133,785</u>

The ultimate payment of these grants is contingent upon the recipients' ability to continue to meet the award criteria and is subject to re-evaluation prior to payment.

NOTE 7 OPERATING LEASE COMMITMENTS

RESIST occupied approximately 1,500 square feet of office space pursuant to a five-year lease that commenced March 15, 2008, which established the base annual rent at \$33,750 plus \$5,400 for storage rental. In March 2013, the lease was extended for an additional five-year term. A subtenant rented approximately 40% of the space, for a prorated portion of the cost, under identical terms. Occupancy costs are stated net of subtenant payments.

The Organization did not renew its office lease which expired March 14, 2018. In line with its strategic plan, RESIST relocated its offices to a smaller temporary space located in Jamaica Plain under a 10-month lease expiring December 31, 2018 which provides 200 square feet of office space at a monthly cost of \$500. The Organization plans to remain at the temporary location while pursuing options for a long-term permanent location. During 2018, the lease was renewed through December 31, 2019, for which the lease obligation will be \$6,300.

NOTE 8 EMPLOYEE BENEFIT PLANS

Two tax-deferred retirement plans are offered to employees under Internal Revenue Code section 403(b), through which eligible employees may elect to defer up to 15% of their wages. RESIST matches the first 4% that employees contribute, and the contribution by the Organization amounted to \$8,263 and \$7,590 for the years ended December 31, 2018 and 2017, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

In each of the years presented, an employee served as the Clerk of the Corporation.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 10 CONCENTRATIONS

Cash:

The Organization is subject to concentrations of credit risk relating primarily to uninsured cash deposits held at one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization had \$158,988 and \$61,865 in excess of federally insured limits as of December 31, 2018 and 2017, respectively. The Organization has not experienced any losses on uninsured cash balances, and Management considers credit risk on cash to be low.

Investments:

The Organization invests or holds a variety of investment vehicles, including money market funds, stocks and bonds. These investments are exposed to interest rate, market, credit and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Organization's investments; however, the Organization's investments do not represent significant concentrations of market risk considering the Organization's portfolio is widely diversified among issuers. The investment performance is reviewed by the Board on a periodic basis.

Contributions Receivable:

As of December 31, 2018 amounts due from one individual accounted for 100% of total *Contributions Receivable*.

NOTE 11 LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment.

Financial Assets:	
Cash	\$ 125,816
Contributions Receivable	50,626
Investments	<u>637,916</u>
Total Financial Assets as of December 31, 2018	814,358
Less Amounts Not Available to be Used Within One Year:	
Board-Designated Investments	<u>(637,916)</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 176,442</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has Board-Designated investment funds that, while the Organization does not intend to spend these for purposes within the next year, these amounts could be made available for current operations, if necessary.

RESIST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through April 25, 2019, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.