

# RESOURCE MANAGEMENT, LLC.

## AUDITED BALANCE SHEET

December 31, 2015

# RESOURCE MANAGEMENT, LLC

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# Kushner LaGraize, L.L.C.

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## INDEPENDENT AUDITORS' REPORT

To the Owner  
Resource Management, L.L.C.  
Metairie, Louisiana

We have audited the accompanying balance sheet of Resource Management, L.L.C. ("the Company") as of December 31, 2015 and the related notes.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

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

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 balance sheet referred to above presents fairly, in all material respects, the financial position of Resource Management, L.L.C. as of December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana

March 18, 2016

# RESOURCE MANAGEMENT, LLC

## BALANCE SHEET

December 31, 2015

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$	16,965
Accounts receivable – trade		136,091
Prepaid expenses		4,828
Due from owner		<u>1 000</u>

TOTAL CURRENT ASSETS 158,884

\$ 158,884

### LIABILITIES AND MEMBER'S DEFICIT

#### CURRENT LIABILITIES

Accounts payable	\$	21,474
Accrued expenses		15,294
Deferred revenue		<u>813,038</u>

TOTAL CURRENT LIABILITIES 849,806

#### COMMITMENTS AND CONTINGENCIES

MEMBER'S DEFICIT (690,922)

TOTAL LIABILITIES AND MEMBER'S DEFICIT \$ 158,884

# **RESOURCE MANAGEMENT, LLC**

## **NOTES TO FINANCIAL STATEMENT**

December 31, 2015

### **NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies consistently applied in the preparation of the accompanying financial statement of Resource Management, L.L.C. (the "Company").

#### **Nature of Business**

Resource Management, L.L.C. is an SEC registered investment advisor located in Metairie, Louisiana that provides investment management and financial planning services. The liability of the member of the Company is limited to the member's total capital contributions.

#### **Revenue Recognition**

Investment management fees are generally determined annually and collected in advance. Revenue from these fees is recognized over the period in which services are rendered. Unearned fees are reflected as deferred revenue.

#### **Accounts Receivable**

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based upon a review of outstanding receivables, the existing economic conditions in the industry, and the financial stability of its customers. The Company generally does not require collateral from its customers. Accounts receivable are generally considered past due after 30 days. As of December 31, 2015, an allowance for doubtful accounts was not deemed necessary.

#### **Income Taxes**

The Company is taxed as a single-member L.L.C. (a disregarded entity) for income tax purposes and does not incur federal or state income taxes. Instead its earnings and losses are included in the tax return of its member. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

# RESOURCE MANAGEMENT, LLC

## NOTES TO FINANCIAL STATEMENT - CONTINUED

December 31, 2015

### NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

#### Income Taxes - (Continued)

The Company recognizes the tax benefit from uncertain tax positions only if it is "more likely than not" the tax position will be sustained on examination by the taxing authorities. To the extent the Company's assessment of such tax positions change, an adjustment will be recorded in the period in which the determination is made. No such adjustments were required for the year ended December 31, 2015. The Company's and member's tax return for the years ended December 31, 2012, 2013 and 2014 remains subject to examination by taxing authorities. The tax return for the year ended December 31, 2015 has not been filed as of the date of our report.

#### Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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. These differences may be material.

#### Fair Value of Financial Instruments

FASB ASC 825, "Disclosures about Fair Value of Financial Instruments," requires disclosures of an estimate of fair value of certain financial instruments. The Company's significant financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The carrying value of these financial instruments approximates fair value at December 31, 2015.

### NOTE 2 - OFF-BALANCE SHEET RISK

The Company maintains deposits in financial institutions that may, at times, exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015, the entire bank balance was covered by FDIC insurance.

### NOTE 3 - LEASES

The Company entered into a lease agreement for real estate with a related party (a relative of the managing member) with annual rents due of \$15,000 through 2023. No leases contain restrictions on the Company's activities concerning dividends, acquiring debt or further leasing.

# RESOURCE MANAGEMENT, LLC

## NOTES TO FINANCIAL STATEMENT – CONTINUED

December 31, 2015

### NOTE 3 - LEASES - CONTINUED

Future minimum lease expense under the terms of non-cancelable operating leases as of December 31, 2015 is as follows.

Years Ending <u>December 31</u>	Lease <u>Obligations</u>
2016	\$ 15,000
2017	15,000
2018	15,000
2019	15,000
2020	15,000
Thereafter	45,000
	<hr/>
	\$ 120,000

### NOTE 4 - CONTINGENCIES

In the normal course of business, the Company is subject to litigation. The Company's insurance coverage is maintained for various aspects of business and operations. The Company is subject to a portion of losses under this coverage based on deductibles and limits inherent in the contracts. The Company believes there are no material litigation contingencies as of December 31, 2015.

### NOTE 5 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the balance sheet was available to be issued, which corresponds with the date the independent auditor's report. No material subsequent events have occurred since December 31, 2015 that required recognition or disclosure in this financial statement.