

RESOURCE MANAGEMENT, LLC

AUDITED BALANCE SHEET

December 31, 2020

RESOURCE MANAGEMENT, LLC

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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, 2020, 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.

Auditors' 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, 2020, in accordance with accounting principles generally accepted in the United States of America.

Wendell Labraque, LLC

Metairie, Louisiana
March 1, 2021

RESOURCE MANAGEMENT, LLC

BALANCE SHEET

December 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$	3,108
Accounts receivable – trade		176,167
Prepaid expenses		6,555
Note receivable from employee -current		8,027
Due from owner		<u>1,000</u>

TOTAL CURRENT ASSETS		194,857
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OTHER ASSETS

Note receivable from employee – long term		<u>33,840</u>
	\$	<u>228,697</u>

See Notes to Financial Statement.

RESOURCE MANAGEMENT, LLC

BALANCE SHEET

December 31, 2020

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES

Accounts payable	\$	24,220
Accrued expenses		18,578
Contract Liability		<u>1,062,239</u>
TOTAL CURRENT LIABILITIES		1,105,037

LONG-TERM LIABILITIES

Paycheck Protection Program Loan	79,098
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COMMITMENTS AND CONTINGENCIES

MEMBER'S DEFICIT	<u>(955,438)</u>
	<u>\$ 228,697</u>

See Notes to Financial Statement.

RESOURCE MANAGEMENT, LLC

NOTES TO FINANCIAL STATEMENT

December 31, 2020

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, LLC (“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

The Company executes financial advisory service contracts with its customers and has three primary revenue streams: investment advisory fees billed in advance annually, investment advisory fees billed in advance quarterly, and investment advisory fees billed at the end of each quarter. The performance obligations associated with the investment advisory fee revenue streams are to design a financial plan and then implement elements of that plan over the term of the contract, which may include purchase of securities and investments, adoption of retirement plans, and discussion and implementation of various other planning alternatives over the period of the agreement. The related performance obligations are generally satisfied with the passage of time over the term of the contract. The transaction price is set by the advisors based on a number of variables and is agreed to by the customers. There is no variable consideration associated with investment advisory fees.

Revenues from contracts are recognized ratably over the term of the contracts, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. Investment advisory fees are billed annually, quarterly, and in arrears. Revenue recognition is deferred in the event that fees are received in advance of services performed, and those amounts are classified as “contract liabilities” in the accompanying balance sheet at December 31, 2020.

As of December 31, 2019, the contract liability was \$988,737. This revenue was recognized as the performance obligations were satisfied during 2020.

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, 2020, an allowance for doubtful accounts was not deemed necessary.

RESOURCE MANAGEMENT, LLC

NOTES TO FINANCIAL STATEMENT – CONTINUED

December 31, 2020

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

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.

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, 2020. The Company’s and member’s tax return for the years ended December 31, 2017, 2018 and 2019 remains subject to examination by taxing authorities. The tax return for the year ended December 31, 2020 has not been filed as of the date of the Independent Auditors’ 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. The 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, accounts receivable, note receivable from employee, accounts payable, accrued expenses and Paycheck Protection Program Loan. The carrying value of these financial instruments approximates fair value at December 31, 2020.

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, 2020, the entire bank balance was covered by FDIC insurance.

RESOURCE MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENT – CONTINUED
December 31, 2020

NOTE 3 – LEASES

The Company leases office space under a non-cancelable operating lease expiring in December of 2021. 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 of the Company's activities concerning dividends, acquiring debt or further leasing.

Future minimum lease expense under the terms of non-cancelable operating leases as of December 31, 2020 is as follows.

<u>Years Ending</u>	<u>Lease Obligations</u>
2021	73,275
2022	15,000
2023	<u>15,000</u>
Total	<u>\$ 103,275</u>

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, 2020.

NOTE 5 – NOTES RECEIVABLE – EMPLOYEE

On August 27, 2020 the Company made a loan to an employee for \$41,867. This loan carries a stated interest rate of 1.69%. Principle and interest are payable annually in the amount of \$8,766 for five years beginning on September 1, 2021 through September 1, 2025. This loan is unsecured.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020, the Company received loan proceeds in the amount of \$79,098 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

RESOURCE MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENT – CONTINUED
December 31, 2020

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN – (CONT'D)

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The Company intends to use the proceeds for purposes consistent with the PPP.

On June 4, 2020, the Paycheck Program Flexibility Act of 2020 was passed which among other things: extended the forgiveness period from eight weeks to the earlier of twenty-four weeks from the earlier of the origination date of the loan or December 31, 2020 and requires only 60% of forgivable expenses to be used towards payroll costs, as opposed to 75%.

The loan is currently recorded as long-term debt. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot be assured that the Company will be eligible for forgiveness of the loan, in whole or in part.

NOTE 7 – COVID -19

During March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state, and local authorities requiring forced closures of various schools, businesses, and other facilities and organizations. This situation could negatively impact the Organization. While the closures and limitations of movement, domestically and internationally, are expected to be temporary, the duration of the disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

NOTE 8 – 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, 2020 that required recognition or disclosure in this financial statement.