

RESOURCES FOR THE FUTURE, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

Resources for the Future, Inc.

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Independent Auditor's Report

Board of Directors
Resources for the Future, Inc.
Washington, D.C.

We have audited the accompanying financial statements of **Resources for the Future, Inc.** (the "Organization") (a nonprofit organization), which comprise the Statements of Financial Position as of September 30, 2015 and 2014, 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

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

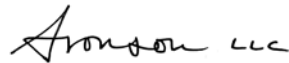
Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Resources for the Future, Inc.** as of September 30, 2015 and 2014, 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.

Emphasis of Matter

As discussed in Note 3, the financial statements include investments valued at approximately \$13,109,559 (22% of net assets) at September 30, 2015, and \$10,141,414 (16% of net assets) at September 30, 2014, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.



Rockville, Maryland
February 3, 2016

<i>September 30,</i>	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 374,424	\$ 205,653
Grants and contract revenue receivable	1,274,639	1,133,062
Contributions receivable, current portion	3,024,553	1,526,222
Other receivables	3,859	600
Other assets	99,371	224,747
Total current assets	4,776,846	3,090,284
Contributions receivable, net of current portion	515,977	485,854
Investments		
Investments, at fair value	54,321,271	62,358,875
Fixed assets - net of accumulated depreciation	6,551,211	6,532,143
Assets held under charitable trust agreements	330,253	377,197
Total assets	\$ 66,495,558	\$ 72,844,353

Resources for the Future, Inc.

Statements of Financial Position

<i>September 30,</i>	2015	2014
Liabilities and Net Assets		
Current liabilities		
Tax-exempt bond financing, current portion	\$ 285,000	\$ 270,000
Grants and awards payable	61,501	77,483
Accounts payable and accrued liabilities	1,860,407	1,722,902
Postretirement benefits, current portion	51,005	51,005
Deferred revenue	274,189	677,079
Total current liabilities	2,532,102	2,798,469
Long term liabilities		
Tax-exempt bond financing, net of current portion	4,605,000	4,890,000
Postretirement benefits, net of current portion	561,811	548,609
Liabilities under split-interest agreements	200,076	239,544
Funds held for others	62,726	238,925
Total long term liabilities	5,429,613	5,917,078
Total liabilities	7,961,715	8,715,547
Net assets		
Unrestricted	48,089,173	54,765,593
Temporarily restricted	3,955,313	2,879,306
Permanently restricted	6,489,357	6,483,907
Total net assets	58,533,843	64,128,806
Total liabilities and net assets	\$ 66,495,558	\$ 72,844,353

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statement of Activities and Changes in Net Assets

<i>Year Ended September 30, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets				
Revenue				
Program grants and contracts	\$ 3,672,880	\$ 4,455,800	\$ -	\$ 8,128,680
General support and contributions	1,628,481	-	5,450	1,633,931
Rental income	1,622,203	-	-	1,622,203
Investment income - net of investment and custodial fees of \$499,543	1,526,288	-	-	1,526,288
Other revenue	10,618	-	-	10,618
Net assets released from restrictions	3,137,269	(3,137,269)	-	-
Total operating revenue	11,597,739	1,318,531	5,450	12,921,720
Expenses				
Research programs				
Research	7,978,323	-	-	7,978,323
Academic Relations	130,596	-	-	130,596
Communications	1,498,777	-	-	1,498,777
Other direct	40,065	-	-	40,065
Total research program expenses	9,647,761	-	-	9,647,761
Fundraising	1,022,858	-	-	1,022,858
Management and administration	1,952,724	-	-	1,952,724
1616 P Street operations and maintenance	1,327,802	-	-	1,327,802
Total functional expenses	13,951,145	-	-	13,951,145
Changes in net assets from operations	(2,353,406)	1,318,531	5,450	(1,029,425)
Non-operating revenues				
Realized and unrealized loss on investment transactions	(4,323,014)	(242,524)	-	(4,565,538)
Decrease in net assets	(6,676,420)	1,076,007	5,450	(5,594,963)
Net assets at beginning of year	54,765,593	2,879,306	6,483,907	64,128,806
Net assets at end of year	\$ 48,089,173	\$ 3,955,313	\$ 6,489,357	\$ 58,533,843

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statement of Activities and Changes in Net Assets

<i>Year Ended September 30, 2014</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets				
Revenue				
Program grants and contracts	\$ 3,351,523	\$ 1,990,796	\$ -	\$ 5,342,319
General support and contributions	1,546,847	-	171,000	1,717,847
Rental and equity income	1,808,727	-	-	1,808,727
Investment income - net of investment and custodial fees of \$373,428	1,267,477	-	-	1,267,477
Other revenue	8,563	-	-	8,563
Net assets released from restriction	3,247,271	(3,247,271)	-	-
Total operating revenue	11,230,408	(1,256,475)	171,000	10,144,933
Expenses				
Research programs				
Research	7,923,039	-	-	7,923,039
Academic Relations	135,543	-	-	135,543
Communications	1,340,984	-	-	1,340,984
Other direct	69,729	-	-	69,729
Total research program expenses	9,469,295	-	-	9,469,295
Fundraising	1,088,990	-	-	1,088,990
Management and administration	1,833,008	-	-	1,833,008
1616 P Street operations and maintenance	1,283,367	-	-	1,283,367
Total functional expenses	13,674,660	-	-	13,674,660
Changes in net assets from operations	(2,444,252)	(1,256,475)	171,000	(3,529,727)
Non-operating revenues				
Realized gain on sale of investment in Land, LLC	4,179,289	-	-	4,179,289
Realized and unrealized gain on investment transactions	3,498,548	552,746	-	4,051,294
Increase in net assets	5,233,585	(703,729)	171,000	4,700,856
Net assets at beginning of year	49,532,008	3,583,035	6,312,907	59,427,950
Net assets at end of year	\$ 54,765,593	\$ 2,879,306	\$ 6,483,907	\$ 64,128,806

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statement of Functional Expenses

<i>Year Ended September 30, 2015</i>										
Program expenses										
	Research	Academic Relations	Communi-cations	Other Direct	Programs Total	Research Support	Fundraising	Management and Administration	1616 P Street Operations and Maintenance	Total
RFF functional expenses										
Salaries	\$ 3,720,983	\$ 2,721	\$ 599,180	\$ 1,575	\$ 4,324,459	\$ 1,029,417	\$ 658,866	\$ 1,075,683	\$ -	\$ 7,088,425
Benefits	982,506	768	168,770	444	1,152,488	275,044	181,649	288,740	-	1,897,921
Resident consultants	448,069	8,960	-	-	457,029	7,192	10,000.00	-	-	474,221
Total salaries and benefits	5,151,558	12,449	767,950	2,019	5,933,976	1,311,653	850,515	1,364,423	-	9,460,567
Other costs										
Building operations	-	-	-	-	-	-	-	-	1,925,591	1,925,591
Occupancy	350,563	850	52,582	139	404,134	87,595	58,467	82,934	(633,130)	-
Research support	1,650,902	-	102	-	1,651,004	(1,651,004)	-	-	-	-
Communications	906	22	11,958	9,599	22,485	12,378	593	3,267	-	38,723
Computer services	5,280	-	46,335	-	51,615	108,261	16,297	49,351	-	225,524
Outside consultants	266,465	-	438,349	19,325	724,139	7,975	2,525	20,950	-	755,589
Conferences	165,733	15,637	58,116	8,902	248,388	21,078	42,074	50,326	-	361,866
Travel	88,232	9,230	4,341	-	101,803	6,594	32,875	4,699	-	145,971
Publication costs	12,999	-	86,615	-	99,614	14,830	10,238	23,762	-	148,444
Subawards	205,838	-	-	-	205,838	-	-	-	-	205,838
Professional service	63,266	500	7,250	-	71,016	500	-	66,284	-	137,800
Fellowship stipend	20,790	4,374	20,500	-	45,664	6,673	-	6,805	-	59,142
Dissertations	-	87,500	-	-	87,500	-	-	-	-	87,500
Depreciation	-	-	-	-	-	-	-	141,755	-	141,755
Other	(4,209)	34	4,679	81	585	73,467	9,274	138,168	35,341	256,835
Total other costs	2,826,765	118,147	730,827	38,046	3,713,785	(1,311,653)	172,343	588,301	1,327,802	4,490,578
Total RFF functional expenses	7,978,323	130,596	1,498,777	40,065	9,647,761	-	1,022,858	1,952,724	1,327,802	13,951,145
Indirect costs										
General support	619,342	21,254	199,374	3,722	843,692	-	166,469	(1,226,259)	216,098	-
Reimbursed	674,144	-	44,549	2,799	721,492	-	-	(721,492)	-	-
Pass-through	4,973	-	-	-	4,973	-	-	(4,973)	-	-
Total indirect costs	1,298,459	21,254	243,923	6,521	1,570,157	-	166,469	(1,952,724)	216,098	-
Total on full absorption basis	\$ 9,276,782	\$ 151,850	\$ 1,742,700	\$ 46,586	\$ 11,217,918	\$ -	\$ 1,189,327	\$ -	\$ 1,543,900	\$ 13,951,145

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statement of Functional Expenses

<i>Year Ended September 30, 2014</i>											
Program expenses											
	Research	Academic Relations	Communi-cations	Other Direct	Programs Total	Research Support	Fundraising	Management and Administration	1616 P Street Operations and Maintenance	Total	
RFF functional expenses											
Salaries	\$ 3,659,436	\$ 3,989	\$ 624,086	\$ 3,018	\$ 4,290,529	\$ 999,800	\$ 670,231	\$ 987,346	\$ -	\$ 6,947,906	
Benefits	996,203	1,160	180,877	878	1,179,118	273,061	190,579	273,124	-	1,915,882	
Resident consultants	294,106	8,358	-	-	302,464	211	-	-	-	302,675	
Total salaries and benefits	4,949,745	13,507	804,963	3,896	5,772,111	1,273,072	860,810	1,260,470	-	9,166,463	
Other costs											
Building operations	-	-	-	-	-	-	-	-	1,890,272	1,890,272	
Occupancy	333,823	824	54,306	263	389,216	83,695	58,095	75,899	(606,905)	-	
Research support	1,631,417	-	-	-	1,631,417	(1,631,417)	-	-	-	-	
Communications	1,011	3	27,774	9,303	38,091	9,290	2,663	10,550	-	60,594	
Computer services	4,352	-	49,352	-	53,704	122,546	17,867	39,920	-	234,037	
Outside consultants	189,153	-	172,480	52,205	413,838	3,633	13,925	11,300	-	442,696	
Conferences	102,253	16,752	76,148	4,038	199,191	25,423	73,293	46,075	-	343,982	
Travel	104,301	3,257	8,139	24	115,721	3,245	40,179	2,284	-	161,429	
Publication costs	10,691	-	123,741	-	134,432	9,702	4,677	13,625	-	162,436	
Subawards	311,682	-	-	-	311,682	-	-	-	-	311,682	
Professional service	227,939	-	8,105	-	236,044	5,650	-	54,872	-	296,566	
Fellowship stipend	46,286	9,500	9,250	-	65,036	6,358	-	16,175	-	87,569	
Dissertations	-	91,700	-	-	91,700	-	-	-	-	91,700	
Depreciation	-	-	-	-	-	-	-	141,236	-	141,236	
Other	10,386	-	6,726	-	17,112	88,803	17,481	160,602	-	283,998	
Total other costs	2,973,294	122,036	536,021	65,833	3,697,184	# (1,273,072)	228,180	572,538	1,283,367	4,508,197	
Total RFF functional expenses	7,923,039	135,543	1,340,984	69,729	9,469,295	-	1,088,990	1,833,008	1,283,367	13,674,660	
Indirect costs											
General support	523,577	20,981	183,566	3,167	731,291	-	168,569	(1,098,517)	198,657	-	
Reimbursed	693,547	-	24,010	7,625	725,182	-	-	(725,182)	-	-	
Pass-through	9,309	-	-	-	9,309	-	-	(9,309)	-	-	
Total indirect costs	1,226,433	20,981	207,576	10,792	1,465,782	-	168,569	(1,833,008)	198,657	-	
Total on full absorption basis	\$ 9,149,472	\$ 156,524	\$ 1,548,560	\$ 80,521	\$ 10,935,077	\$ -	\$ 1,257,559	\$ -	\$ 1,482,024	\$ 13,674,660	

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statements of Cash Flows

<i>Years Ended September 30,</i>	2015	2014
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (5,594,963)	\$ 4,700,856
Adjustments to reconcile (decrease) increase in net assets to net cash used by operating activities		
Depreciation	456,183	443,645
Net realized and unrealized loss (gain) on investments	4,565,538	(4,051,294)
Net realized and unrealized loss (gain) on assets held under charitable trust agreements	22,240	(27,261)
Realized gain from the sale of investment in Land, LLC	-	(4,179,289)
(Increase) decrease in		
Grants and contract revenue receivable	(141,577)	215,922
Contributions receivable	(1,528,454)	239,931
Other receivables	(3,259)	188
Other assets	125,376	(15,463)
Increase (decrease) in		
Grants and awards payable	(15,982)	9,733
Accounts payable and accrued liabilities	137,505	110,559
Postretirement benefits	13,202	82,806
Deferred revenue	(402,890)	78,516
Liabilities under split-interest agreements	9,940	48,438
Funds held for others	(176,199)	92,694
Net cash used by operating activities	(2,533,340)	(2,250,019)
Cash flows from investing activities		
Purchases of investments	(7,858,878)	(33,771,500)
Proceeds from sales of investments	11,330,944	23,504,448
Proceeds from the sale of investment in Land, LLC	-	13,087,478
Disbursements from charitable trust agreements	(24,704)	(23,107)
Purchases of fixed assets	(475,251)	(131,647)
Net cash provided by investing activities	2,972,111	2,665,672

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Statements of Cash Flows (Continued)

<i>Years Ended September 30,</i>	2015	2014
Cash flows from financing activities		
Principal payments on tax-exempt bond financing	(270,000)	(260,000)
Change in cash and cash equivalents	168,771	155,653
Cash and cash equivalents at beginning of year	205,653	50,000
Cash and cash equivalents at end of year	\$ 374,424	\$ 205,653
Supplemental information		
Interest paid	\$ 96,361	\$ 116,764

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Resources for the Future, Inc.

Notes to Financial Statements

1. Organization and significant accounting policies

Resources for the Future, Inc. (RFF) is a nonprofit tax-exempt corporation headquartered in Washington, D.C. RFF was established in October 1952, with the cooperation of the Ford Foundation. RFF's mission is to improve environmental and natural resource policy making worldwide through social science research of the highest caliber.

Basis of presentation: Net assets and revenue, gains and losses are classified based upon the existence or absence of donor imposed restrictions. Accordingly, the net assets of RFF and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by RFF undertaking project activities and/or the passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of RFF.

Basis of accounting: The financial statements are prepared on the accrual basis of accounting.

Cash and cash equivalents: RFF classifies all highly liquid investments, with original maturities of less than ninety days, as cash equivalents. RFF maintains cash balances which may exceed federally insured limits. RFF does not believe that this results in any significant credit risk.

Grants and contract revenue receivable: Grants and contracts receivable are recorded when the service is rendered or when expenses are incurred for federal programs. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. This balance is deemed fully collectible and therefore no allowance for doubtful accounts was deemed necessary as of September 30, 2015 and 2014.

Contributions receivable: Contributions receivable are recorded when pledged and amounts due after one year are discounted to present value at the risk adjusted rate determined at the time of the pledge. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive cost are written off to the allowance for doubtful accounts. All balances are considered fully collectible and therefore no allowance for doubtful accounts was deemed necessary as of September 30, 2015 and 2014.

Resources for the Future, Inc.

Notes to Financial Statements

Investments: Investments in marketable securities are presented at fair value. Hedge funds are valued at the net asset value (NAV) as reported by the fund manager and reviewed by RFF. Fair values of alternative investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

All marketable securities are considered investments rather than cash equivalents, even though the maturities at the time of acquisition for certain of these securities were less than ninety days. Money market accounts are valued at cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Management classifies interest and dividend income as components of operating income, while realized and unrealized gains and losses on investments are considered non-operating income.

RFF values investments in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement.

Resources for the Future, Inc.

Notes to Financial Statements

Fixed assets: Fixed assets of \$500 or more for furniture and equipment and \$1,000 or more for building and tenant improvements are carried at cost and depreciated using the straight-line method over their estimated useful lives which are as follows:

Furniture	10 years
Equipment and software	3-5 years
1616 P Street building	39.5 years
Tenant improvements	10 years

Tax-exempt bond financing: RFF obtained permanent financing on the 1616 P Street building through the issuance of tax-exempt bond financing in August 1998. The bond payable has a variable interest rate which averaged 2.03% and 2.21% for the years ended September 30, 2015 and 2014, respectively. See Note 11.

Split-interest agreements: RFF values the annuity obligations using actuarial estimates that approximate the present value of the obligations.

Revenue and expense recognition:

Revenue from program grants and contracts is recognized in amounts equal to total reimbursable direct and indirect costs. Unconditional contributions are recognized when the pledge is received.

Rental income is recognized straight-line over the period of the lease.

Expenses are recorded when incurred. Grants awarded by RFF are expensed at the time of approval by the Directors or the President.

Allocation of indirect costs: The costs of providing the various programs and other activities are presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

<i>Allocated Expenses</i>	<i>Basis for Allocation</i>
Employee benefits	Total salaries
Occupancy	Total salaries and benefits
Research support	Research salaries and benefits
Management and administration	Total direct costs

Resources for the Future, Inc.

Notes to Financial Statements

Income taxes: RFF is exempt from federal income taxation as described in Internal Revenue Code Section 501(c)(3) and is classified as a publicly supported organization.

Uncertainties in income taxes: RFF evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of September 30, 2015 and 2014, there are no accruals for uncertain tax positions. If applicable, RFF records interest and penalties as a component of income tax expense. Tax years from 2012 through the current year remain open for examination by tax authorities.

Accounting 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 contingencies at the date of the statement of financial position, and revenue and expenses during the reporting period. Actual results could differ from these estimates.

Subsequent events: Management has evaluated subsequent events for disclosure in the financial statements through February 3, 2016, which is the date the financial statements were available to be issued.

Resources for the Future, Inc.

Notes to Financial Statements

2. Investments The following is a summary of the investment portfolio by security type as of September 30,:

	2015	2014
Operating fund		
Money market accounts	\$ 3,913	\$ 6,020
Reserve fund		
Money market accounts	5,235	2,789,387
Domestic equity emerging markets	11,882,076	13,142,725
International equity emerging markets	11,349,311	8,434,158
Global allocation funds	5,228,498	6,523,714
Fixed income – convertible securities funds	6,862,404	7,703,783
Commodities funds	3,990,040	7,677,549
Hedge funds	13,070,162	10,105,803
Private placement	39,397	35,611
Equity exchange traded funds	1,827,509	5,701,200
Total reserve fund	54,254,632	62,113,930
Gift fund		
Money market accounts	23,323	3,478
Mutual fund – domestic	6,617	6,884
Mutual fund – international	32,786	228,563
Total gift fund	62,726	238,925
Total investment portfolio	\$ 54,321,271	\$ 62,358,875

Investment (losses) income for the years ended September 30 is as follows:

	2015	2014
Operating		
Interest and dividends	\$ 2,025,831	\$ 1,640,905
Investment and custodial fees	(499,543)	(373,428)
	1,526,288	1,267,477
Non-operating		
Realized and unrealized (loss) gain on investment transactions	(4,565,538)	4,051,294
Total investment (losses) income	\$ (3,039,250)	\$ 5,318,771

Resources for the Future, Inc.

Notes to Financial Statements

3. Fair value The fair value of assets and liabilities as of September 30, 2015 is as follows:

	September 30, 2015	Total	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment portfolio:					
Money market	\$ 32,471	\$ 32,471	\$ -	\$ -	
Mutual fund – domestic	6,617	6,617	-	-	
Mutual fund – international	32,786	32,786	-	-	
Domestic equity emerging markets	11,882,076	11,882,076	-	-	
International equity emerging markets	11,349,311	11,349,311	-	-	
Global allocation funds	5,228,498	5,228,498	-	-	
Fixed income funds	6,862,404	6,862,404	-	-	
Commodities funds	3,990,040	3,990,040	-	-	
Hedge funds	13,070,162	-	-	13,070,162	
Private placement	39,397	-	-	39,397	
Equity exchange traded funds	1,827,509	1,827,509	-	-	
Total investment portfolio	54,321,271	41,211,712	-	13,109,559	
Assets held under trust:					
Money market	4,504	4,504	-	-	
Mutual fund – domestic	106,554	106,554	-	-	
Mutual fund – international	97,927	97,927	-	-	
Mutual fund – fixed income	87,542	87,542	-	-	
Mutual fund – global allocation	33,726	33,726	-	-	
Total assets held under trust	330,253	330,253	-	-	
Split interest obligation	(200,076)	-	-	(200,076)	
Total fair value	\$ 54,451,448	\$ 41,541,965	\$ -	\$ 12,909,483	

Resources for the Future, Inc.

Notes to Financial Statements

The fair value of assets and liabilities as of September 30, 2014 is as follows:

September 30, 2014	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment portfolio:				
Money market	\$ 2,798,885	\$ 2,798,885	\$ -	\$ -
Mutual fund – domestic	6,884	6,884	-	-
Mutual fund – international	228,563	228,563	-	-
Domestic equity emerging markets	13,142,725	13,142,725	-	-
International equity emerging markets	8,434,158	8,434,158	-	-
Global allocation funds	6,523,714	6,523,714	-	-
Fixed income funds	7,703,783	7,703,783	-	-
Commodities funds	7,677,549	7,677,549	-	-
Hedge funds	10,105,803	-	-	10,105,803
Private placement	35,611	-	-	35,611
Equity exchange traded funds	5,701,200	5,701,200	-	-
Total investment portfolio	62,358,875	52,217,461	-	10,141,414
Assets held under trust:				
Money market	5,813	5,813	-	-
Mutual fund – domestic	155,348	155,348	-	-
Mutual fund – international	51,929	51,929	-	-
Mutual fund – fixed income	96,876	96,876	-	-
Mutual fund – global allocation	67,231	67,231	-	-
Total assets held under trust	377,197	377,197	-	-
Split interest obligation	(239,544)	-	-	(239,544)
Total fair value	\$ 62,496,528	\$ 52,594,657	\$ -	\$ 9,901,871

Resources for the Future, Inc.

Notes to Financial Statements

Level 3 values for split-interest obligations are developed utilizing actuarial calculations that approximate their present fair value.

Level 3 values for alternative investments were developed utilizing the net asset value (NAV) as reported by the finance committee. The committee receives a NAV from the underlying fund managers. The NAV is determined by the fund managers based on the fair value of the underlying investments on the most recent practicable date. Each share within a series has the same NAV. RFF's determination of fair value is based upon the best available information and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. The values generally represent RFF's proportionate share of the funds' capital as reported by their general partners. Market value of underlying securities is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. There have been no changes to the valuation technique for the years ended September 30, 2015 and 2014. The risk of any derivative exposure is limited to the amount invested with each manager.

RFF monitors the valuation methodologies and practices of managers in order to rely on the fair values reported by the fund managers, unless information becomes available indicating the reported NAV may require adjustment. RFF assesses factors including, but not limited to, the external advisor's adherence to fair value principles in calculating the capital account balance, RFF's ability to redeem these investments at NAV at the measurement date, and the existence or absence of certain restrictions at the measurement date. RFF believes the reported amounts of its Level 3 investments are a reasonable estimate of fair value as of September 30, 2015 and 2014. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed.

The alternative investments held through hedge funds include long/short equities, convertible, merger/risk and fixed-income arbitrage, and distressed securities. There are no unfunded commitments related to RFF's alternative investments. RFF has no plans to sell its Level 3 investments for values other than the NAV as of September 30, 2015 and 2014.

RFF has invested in alternative investments for the purpose of diversifying investment risk. The significant Level 3 investments are comprised of the following:

Ironwood Partners – The fund manager's strategy is to build low volatility, multi-manager portfolios with underlying managers that employ market neutral or market uncorrelated investment strategies that offer risk adjusted returns. The portfolios include: convertible bond arbitrage, credit opportunities, purchase or short sale of distressed securities, event-driven investing, and other arbitrage-based strategies.

Resources for the Future, Inc.

Notes to Financial Statements

The NAV of the underlying investments is calculated based on monthly sub-fund reported values and is estimated to reflect the amount the fund might reasonably expect to receive for their interests were they to be redeemed at the time of valuation.

Redemptions of shares at NAV are allowed based upon 95 days written notice as of the twelfth month-end following the date of purchase and as of the last day of each six-month period thereafter and occur on a first-in first-out basis. Shareholders that redeem all of their shares will have 5% of the NAV withheld until completion of the fund's annual audit. Payment of redemption proceeds may be delayed if the fund directors determine the liquidation would be detrimental to the remaining shareholders. In such instances, the redemption shall accrue interest at a rate equal to the average 13-week U.S. Treasury bill rate on the date of redemption. In addition, directors may waive redemption lockup periods.

Pointer, LP– The fund is classified as a master/feeder fund with a strategy of investing in private companies as well as debt securities, physical commodities, other investment partnerships, and credit default swaps.

The NAV of the underlying investments is calculated semi-monthly based on capital reports from the underlying investment managers. Redemptions of shares at NAV are allowed annually with written notice before September 15th of the fiscal year after an initial twelve month holding period. Investment managers may waive lock-up periods at their discretion.

Golden Tree Asset Management, LP–The fund includes public and private non-investment grade and nonrated debt, convertible bonds, preferred stock, bank debt, trade claims, assignments, options, debentures, and commercial paper. Withdrawal terms allow all or a portion of the investor's capital account to be withdrawn semi-annually with 90 days written notice.

Skybridge Multi-Advisor Hedge Fund Portfolios LLC– The fund is a fund of hedge funds with a strategy of investing in third-party investment managers with leverage or short-side positions. The funds' portfolios include directional equity and macro fund investments, and event driven investments. The NAV is computed using the total of monthly income and expense divided by beginning of the month shares.

Resources for the Future, Inc.

Notes to Financial Statements

Redemptions of underlying investments are permitted in periods ranging from monthly to annual, however, 1% of the underlying funds are in gated, illiquid or currently on locked-up status. Shareholder redemptions must be repurchased by the fund and are subject to the current conditions of the fund. Shares must be tendered for repurchase using written notice quarterly with 45 days notice. A hold-back of 5% of the NAV may be applied with full payment expected within 90 days of the valuation date.

The Children's Investment Fund LP – The fund seeks to achieve its investment objective primarily by taking long and short positions in equity securities and debt and related derivatives globally. The NAV is computed using the total of monthly income and expense divided by beginning of the month shares. Withdrawal terms allow all or a portion of the investor's capital account to be withdrawn annually with 90 days written notice after an initial 12-month commitment period. A hold-back of 5% of the NAV may be applied with full payment expected within 90 days of the valuation date.

Blackstone Alternatives Solution 2014 Trust – The fund has a master/feeder fund structure and is invested in private equity, real asset, credit and opportunistic alternative asset management strategies. The fund is valued based upon the value of the underlying investments. The NAV is computed using the total of monthly income and expense divided by beginning of the month shares. Investors cannot withdraw funds without the prior written consent of the General Partner.

Resources for the Future, Inc.

Notes to Financial Statements

A reconciliation of beginning and ending balances of investments valued using significant unobservable (Level 3) inputs for the year ended September 30, 2015 is as follows:

	Balance at September 30, 2014	Total realized gains or losses	Total unrealize d gains or losses	Purchases and issuances	Sales and settlements	Balance at Septembe r 30, 2015
Hedge funds						
Ironwood Partners	\$ 3,343,298	\$ -	\$ 128,398	\$ 90,960	\$ (89,050)	\$ 3,473,606
Children's Investment Fund	-	297	318,682	2,000,065	(2,092)	2,316,952
Blackstone Alternatives	-	-	(4,500)	405,000	-	400,500
Pointer, LP	2,888,631	183,513	-	-	-	3,072,144
Shepherd Investments International	94,802	(3,906)	-	-	(53,487)	37,409
Silver Creek Long/Short International	94,783	8,891	2,804	-	(6,400)	100,078
Golden Tree	1,427,692	(14,699)	18,486	1,430,000	(1,412,993)	1,448,486
Skybridge	2,256,598	(168,473)	-	1,562,684	(1,429,822)	2,220,987
Private placement						
Hicks Muse	35,611	40,693	-	-	(36,907)	39,397
Total alternative	\$ 10,141,415	\$ 46,316	\$ 463,870	\$ 5,488,709	\$(3,030,751)	\$ 13,109,559
Split interest obligation	\$ (239,544)	\$ -	\$ 40,528	\$ (1,060)	\$ -	\$ (200,076)

Resources for the Future, Inc.

Notes to Financial Statements

A reconciliation of beginning and ending balances of investments valued using significant unobservable (Level 3) inputs for the year ended September 30, 2014 is as follows:

	Balance at September 30, 2013	Total realized gains or losses	Total unrealize d gains or losses	Purchases and issuances	Sales and settlements	Balance at September 30, 2014
Hedge funds						
Ironwood						
Partners	\$ 2,086,123	\$ -	\$ 257,175	\$1,000,000	\$ -	\$ 3,343,298
Pointer, LP	2,547,758	-	340,873	-	-	2,888,631
Shepherd						
Investments						
International	110,428	16,914	(15,626)	-	(16,914)	94,802
Silver Creek						
Long/Short						
International	126,140	-	2,503	-	(33,860)	94,783
Golden Tree	1,325,982	-	101,710	-	-	1,427,692
Skybridge	1,536,204	-	153,047	567,347	-	2,256,598
Private placement						
Hicks Muse	50,327	-	(14,716)	-	-	35,611
Total						
alternative	\$ 7,782,962	\$ 16,914	\$ 824,966	\$1,567,347	\$ (50,774)	\$10,141,415
Split interest obligation						
	\$ (237,323)	\$ -	\$ (21,936)	\$ 19,715	\$ -	\$ (239,544)

The amount of total unrealized gains for the period included in the change in net assets attributable to Level 3 assets still held at September 30, 2015 and 2014 was \$463,870 and \$824,966, respectively. The net (decrease) increase in the split interest obligation was \$(39,468) and \$2,221 for the years ended September 30, 2015 and 2014, respectively.

Resources for the Future, Inc.

Notes to Financial Statements

Gains and losses (realized and unrealized) on all investments included in changes in net assets for the years ended September 30, 2015 and 2014 are reported in investment income as follows:

	Total investment gain (loss)	
	2015	2014
Total realized gain	\$ 2,029,209	\$ 499,905
Change in unrealized (loss) gain relating to assets still held at September 30,	(6,594,747)	3,551,389
Subtotal	(4,565,538)	4,051,294
Change in unrealized (loss) gain relating to assets held under trust at September 30	(22,240)	27,261
Total realized and unrealized (loss) gain	\$ (4,587,778)	\$ 4,078,555

**4. Risks and
uncertainties**

RFF holds investments in various securities and alternative investments that are exposed to risks, such as interest rate, credit, and overall volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future statements of net assets available for benefits.

**5. Contributions
receivable**

At September 30, 2015 and 2014, RFF had unconditional contributions receivable that included amounts due in:

	2015	2014
Less than one year	\$ 1,949,553	\$ 1,526,222
One to five years	1,075,000	-
Fifteen to twenty years	1,000,000	1,000,000
Contributions receivable before discount	4,024,553	2,526,222
Present value discount	(484,023)	(514,146)
Contributions receivable	\$ 3,540,530	\$ 2,012,076

The receivables due in one year or more have been discounted to their present value using a risk adjusted rate of 6.20% determined at the time of pledge. Changes in the present value discount are recorded as contribution revenue and are included in general support and contributions on the accompanying Statements of Activities and Changes in Net Assets.

Resources for the Future, Inc.

Notes to Financial Statements

6. Fixed assets Fixed assets consisted of the following as of September 30,:

	2015	2014
Building - 1616 P Street	\$ 9,009,364	\$ 8,765,771
Building improvements	1,475,461	1,475,461
Furniture and equipment	1,866,777	1,635,119
Fixed assets	12,351,602	11,876,351
Accumulated depreciation	(5,800,391)	(5,344,208)
Fixed assets, net	\$ 6,551,211	\$ 6,532,143

Depreciation expense is included on the accompanying Statements of Functional Expense as follows for the years ending September 30,:

	2015	2014
Building and related improvement depreciation included in occupancy expense	\$ 250,565	\$ 238,988
Computer and telephone system depreciation included in research expense	63,863	63,421
Furniture and equipment depreciation	141,755	141,236
Total depreciation expense	\$ 456,183	\$ 443,645

7. Retirement plan

RFF employees are eligible for participation in RFF's retirement program, which is invested in individual retirement contracts at TIAA-CREF, insurance companies, Merrill Lynch or Morgan Stanley Smith Barney. Individual contracts issued under the plan provide for full and immediate vesting of both RFF and participant contributions. RFF's contributions amounted to \$845,962 and \$833,874 for the years ended September 30, 2015 and 2014, respectively.

Resources for the Future, Inc.

Notes to Financial Statements

- 8. Postretirement benefits other than pensions** Employees who retire under RFF's retirement plan with a minimum of five years of service are covered by RFF's medical plan at one year for every two completed years of service. RFF's post-retirement benefit obligations under this plan as of September 30, 2015 and 2014 were estimated to be \$612,816 and \$599,614, respectively, and these amounts are included in the accompanying Statements of Financial Position. There are no separate plan assets associated with these liabilities. The plan expenses for the years ended September 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Service costs	\$ -	\$ 84,440
Projected interest cost	21,046	20,569
Net periodic cost	\$ 21,046	\$ 105,009

Actual payments made under the plan were \$7,789 and \$22,204 for the years ended September 30, 2015 and 2014, respectively.

Benefits expected to be paid in each of the next five years are approximately as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 51,005
2017	49,454
2018	55,152
2019	49,398
2020	50,953

Resources for the Future, Inc.

Notes to Financial Statements

9. Split interest agreements

RFF enters into split interest arrangements whereby donations are held in trust by RFF and invested. A percentage of the original funds, at a rate determined at the inception of the trust, is payable to the donor for a specified period of time or until the donor's death, after which time RFF may use the investments for operations or a restricted use specified by the donor. RFF is the trustee of two charitable remainder unitrusts (CRT's) where they have the charitable remainder interest. RFF utilizes an IRS-approved annuity table to actuarially calculate the liability associated with the estimated donor payments under these arrangements. RFF determined the discount rate to be used in the month the split interest arrangements were entered into with the donor and these rates have ranged from 5.4% to 6.5%. The present value of the actuarially determined liability resulting from these gifts was recorded at the date of the gift and adjusted annually thereafter. The combined trust assets as of September 30, 2015 and 2014 are as follows:

	2015	2014
Money market accounts	\$ 4,504	\$ 5,813
Mutual fund – domestic	106,554	155,348
Mutual fund – international	97,927	51,929
Mutual fund – fixed income	87,542	96,876
Mutual fund – global allocation	33,726	67,231
Assets held under charitable trust agreements	\$ 330,253	\$ 377,197

The trust assets are Level 1 investments (see Note 3). The estimated present value of liabilities under the CRT are reflected as liabilities under split-interest agreements in the accompanying Statements of Financial Position.

10. Line of credit

During 2010, RFF entered into a revolving line of credit agreement. This line has no maturity date and no formal repayment terms. Amounts available are based on the margin release of investments held (between 30-50%) and bear interest at the London Interbank Offering Rate plus a client spread (totaling 3.20% and 3.15% at September 30, 2015 and 2014, respectively). At September 30, 2015 and 2014, \$1,000,000 was available. The line is collateralized by a portion of RFF's investment portfolio which totaled \$5,366,945 and \$5,531,055 as of September 30, 2015 and 2014 respectively. No amounts were outstanding on the line of credit at September 30, 2015 or 2014.

Resources for the Future, Inc.

Notes to Financial Statements

11. Tax exempt bond financing

RFF obtained permanent financing on the 1616 P Street building through the issuance of District of Columbia Variable Rate Revenue Bonds, Series 1998. These bonds mature, subject to prior redemption, on August 1, 2029. The interest rate on these bonds is determined weekly by a remarketing agent. The average interest rate for the years ended September 30, 2015 and 2014 was 2.03% and 2.21%, respectively. For the years ended September 30, 2015 and 2014, interest expense relating to the tax-exempt financing was \$96,361 and \$116,764, respectively, which is included as part of 1616 P Street Operations and Maintenance expense in the accompanying Statements of Functional Expenses. The principal redemptions required on these bonds for the next five years, and thereafter are as follows:

Year Ending September 30,	Amount
2016	\$ 285,000
2017	295,000
2018	310,000
2019	325,000
2020	340,000
Thereafter	3,335,000
Total	\$ 4,890,000

To support the bonds, RFF has an Irrevocable Letter of Credit from Citibank in the amount of \$7,405,600. This letter of credit is evergreen as it automatically renews every year. It is secured by a first priority security interest in the building and fixtures, located at 1616 P Street, N.W., Washington, D.C. and the assignment of all leases.

Resources for the Future, Inc.

Notes to Financial Statements

12. Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following program areas as of September 30, 2015 and 2014:

	2015			
	Temporarily Restricted Funds as of September 30, 2014	Contributions and Loss on Investments	Satisfaction of Temporary Restrictions	Temporarily Restricted Funds as of September 30, 2015
Center for Forest Economics & Policy	\$ 5,934	\$ 55,000	\$ 60,934	\$ -
Center for Climate & Electricity Policy	* 1,379,624	2,870,387	1,763,339	2,486,672
Center for the Management of Ecological Wealth	91,077	27,250	108,647	9,680
Other Research Programs	1,402,671	1,260,639	1,204,349	1,458,961
Total	\$ 2,879,306	\$ 4,213,276	\$ 3,137,269	\$ 3,955,313

	2014			
	Temporarily Restricted Funds as of September 30, 2013	Contributions and Gain on Investments	Satisfaction of Temporary Restrictions	Temporarily Restricted Funds as of September 30, 2014
Center for Forest Economics & Policy	\$ 11,578	\$ 55,000	\$ 60,644	\$ 5,934
Center for Climate & Electricity Policy	1,087,961	1,129,450	1,281,221	936,190
Center for Energy Economics & Policy	800,287	161,137	517,990	443,434
Center for the Management of Ecological Wealth	76,178	496,808	481,909	91,077
Other Research Programs	1,607,031	701,147	905,507	1,402,671
Total	\$ 3,583,035	\$ 2,543,542	\$ 3,247,271	\$ 2,879,306

* The Center for Energy Economics & Policy combined with the Center for Climate & Electricity Policy during the year ended September 30, 2015.

Resources for the Future, Inc.

Notes to Financial Statements

13. Permanently restricted net assets

Permanently restricted net assets are held in perpetuity. The income is used to fund certain chairs, which as of September 30, 2015 and 2014 are as follows:

	2015	2014
Gaskins chair	\$ 2,000,000	\$ 2,000,000
Starr chair	2,004,047	2,004,047
Klutznick chair	1,422,710	1,422,710
Krutilla chair	139,650	139,650
Landsberg chair	31,135	31,135
Kneese chair	325,365	325,365
Forestry chair	566,450	561,000
Total	\$ 6,489,357	\$ 6,483,907

RFF's endowment consists of permanently restricted contributions established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of the Relevant Law

RFF's management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary and as allowing RFF to appropriate funds for expenditure as RFF determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor. As a result of this interpretation, RFF classifies as permanently restricted nets assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, RFF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the organization

Resources for the Future, Inc.

Notes to Financial Statements

7. The investment policies of the organization

The change in endowment net assets for the year ended September 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2014	\$ -	\$ 508,995	\$ 6,483,907	\$ 6,992,902
Contributions	-	-	5,450	5,450
Expenditures	-	(266,471)	-	(266,471)
Investment loss	(46,147)	(242,524)	-	(288,671)
Endowment net assets at September 30, 2015	\$ (46,147)	\$ -	\$ 6,489,357	\$ 6,443,209

The change in endowment net assets for the year ended September 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2013	\$ -	\$ 222,720	\$ 6,312,907	\$ 6,535,627
Contributions	-	-	171,000	171,000
Expenditures	-	(266,471)	-	(266,471)
Investment gain	-	552,746	-	552,746
Endowment net assets at September 30, 2014	\$ -	\$ 508,995	\$ 6,483,907	\$ 6,992,902

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of September 30, 2015 and 2014 is \$6,489,357 and \$6,483,907, respectively.

Underwater Endowment Funds - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial gift amounts (underwater). When underwater endowment funds exist, they are classified as a reduction of unrestricted net assets.

Resources for the Future, Inc.

Notes to Financial Statements

Return Objectives and Risk Parameters - RFF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period and board designated funds. RFF's investment policy aims to return an amount equal to 5% plus inflation to maintain the real value of the fund.

Strategies Employed for Achieving Objectives - The Finance Committee evaluates, selects and monitors one or more investment managers to directly manage RFF's investment portfolio of assets within general guidelines provided.

Spending Policy and How the Investment Objectives Relate to Spending Policy - RFF's spending policy is 5% of the average market value of the funds over the past two and one half years.

14. Operating leases

RFF owns the office building at 1616 P Street, NW, in Washington, D.C. RFF occupies almost 40% of the building and leases the balance of the office space to other like-purpose 501(c)(3) organizations. These operating leases expire in various years through 2019.

Future minimum payments receivable as of September 30, 2015 are listed below:

Year ending September 30,	Amount
2016	\$ 1,417,611
2017	1,191,040
2018	848,510
2019	349,153
2020	229,336
Total	\$ 4,035,650

Total lease revenue for the year for the 1616 P Street office building was \$1,622,203 and \$1,607,928 for the years ended September 30, 2015 and 2014, respectively.

The land at 1616 P Street is owned by an unrelated party. RFF is currently leasing the land under a 99-year lease at a rate of \$242,000 per year. The lease commenced January 1, 1986 and has a remaining term of 70 years. The future minimum lease payments are as follows as of September 30, 2015:

Resources for the Future, Inc.

Notes to Financial Statements

Year ending September 30,	Amount
2016	\$ 242,000
2017	242,000
2018	242,000
2019	242,000
2020	242,000
Thereafter	15,730,000

Total	\$ 16,940,000
-------	---------------

Total rent expense was \$242,004 for each of the years ending September 30, 2015 and 2014. The rental agreement has a reset date in 2018 at which time the annual payment amount may change.

15. Related party transactions

RFF owned a non-controlling interest in Resources and Conservation Center LLP (RCC) which owns and operates the building at 1400 16th Street. The owner of the other 50% interest in RCC, CTIA – The Wireless Association (CTIA) bought RFF's interest in RCC in full in 2012. In 2014, CTIA exercised its option to purchase RFF's 50% ownership of Land, LLC which owns the land at 1400 16th Street for \$13.1 million, a mutually agreed upon value based on market analysis. CTIA exercised the option, purchasing RFF's interest in Land, LLC on January 23, 2014. The sale of RFF's 50% interest in Land, LLC resulted in a gain of \$4,179,289 which was included as realized gain on sale of investment on the accompanying 2014 Statement of Activities and Changes in Net Assets. RFF has no continuing obligations related to Land, LLC.

Ground rental income earned before the sale of RFF's interest in Land, LLC was \$186,342 for the year ended September 30, 2014.



Independent Auditor's Report on Supplementary Information

Board of Directors
Resources for the Future, Inc.
Washington, D.C.

We have audited the financial statements of **Resources for the Future, Inc.** as of and for the years ended September 30, 2015 and 2014, and our report thereon dated February 3, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Dissertation Awards and Schedule of Determination of Cost Recovery Rates 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 auditing procedures applied in the audit of the financial statements and certain additional 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 as a whole.

Rockville, Maryland
February 3, 2016

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Resources for the Future, Inc.

Schedule of Dissertation Awards

<i>Year Ended September 30, 2015</i>	Balance at September 30, 2014	Grants Awarded	Payments Made	Balance at September 30, 2015
Dissertation awards program				
Daniel Shawhan "The Impact of Futures Trading on the Price of Oil"	\$ 11,750	\$ -	\$ (11,750)	\$ -
James Salzman "A Study Examining the Development of Payments for Ecosystem Services"	11,375	-	(11,375)	-
Francisco Aguilar "Market Perspectives for the Introduction of Transgenic Crops to Costa Rica"	33,333	-	(33,333)	-
Stephanie Fried / UNI of California "Climate Change and the Macroeconomy"	13,500	-	(13,500)	-
Evan Herrstadt "Weather, Climate Change Salience, and Congressional Voting"	6,525	-	(6,525)	-
Eric Lewis / Bates College "Patchwork Mineral Ownership and the Search for Oil and Gas"	1,000	-	(1,000)	-
David Cerruti "Behavioral Response to Environmental Taxation: Evidence from the Transportation Sector"	-	2,000	(500)	1,500
Michelle Marcus "Transaction Taxes in an Agent-Based Financial Market Model: Sensitivity to Calibration"	-	18,000	(4,500)	13,500
Ashley Vissing "Environmental Justice and Coasian Bargaining: The Role of Race and Income in Lease Negotiation for Shale Gas"	-	16,000	(4,000)	12,000
Patrick Bayer "The Local Economics and Politics of Shale Gas Energy in the United States."	-	2,750	(2,750)	-
Alexander Ovodenko "The Local Economics and Politics of Shale Gas Energy in the United States."	-	2,750	(2,750)	-
Ujjayant Chakravorty "Food for Fuel: The Effect of the U.S. Biofuel Mandate on Poverty in India"	-	46,000	(11,500)	34,500
	\$ 77,483	\$ 87,500	\$ (103,483)	\$ 61,500

Refer to accompanying Independent Auditor's Report on Supplementary Information.

Resources for the Future, Inc.

Schedule of Determination of Cost Recovery Rates

Year Ended September 30, 2015

Management and administration rate	
Management and administration costs	\$ 1,952,724
Determination of direct cost base	
Total program costs plus building operations before allocation	\$ 10,975,563
Plus fundraising costs before allocation	1,022,858
Total direct cost base	\$ 11,998,421
Management and administration rate	16.27%
Regular fringe benefits rate	
Regular benefits	\$ 1,780,642
Regular salaries	\$ 6,310,312
Regular fringe benefits rate	28.22%
Research assistant fringe benefits rate	
Research assistant benefits	\$ 117,279
Research assistant salaries	\$ 624,416
Research assistant fringe benefits rate	18.78%
Research support rate	
Research support expenses	\$ 1,594,805
Research salaries and benefits	\$ 3,302,427
Research support rate	48.29%
Program research support rate	
Program research support expenses	\$ 56,199
Program research salaries and benefits	\$ 280,996
Program research support rate	20.00%
Occupancy rate	
Occupancy expense	\$ 633,130
Salaries and benefits	\$ 9,306,871
Occupancy rate	6.80%

Refer to accompanying Independent Auditor's Report on Supplementary Information.