

FUTURE LEADERSHIP FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
Future Leadership Foundation
Jefferson City, Missouri

We have compiled the accompanying statement of assets, liabilities, and net assets - modified cash basis of Future Leadership Foundation (a nonprofit organization) as of December 31, 2012, and the related statement of revenue and expenses - modified cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the 2012 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2011 financial statements of Future Leadership Foundation were reviewed by other accountants whose report dated May 10, 2012, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with the modified cash basis of accounting.

Williams - Keepers LLC

August 26, 2013

FUTURE LEADERSHIP FOUNDATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
	(Compiled)	(Reviewed)
ASSETS		
Current Assets		
Cash	\$ 8,432	\$ 20,466
Investments	<u>1,296</u>	<u>1,263</u>
Total assets	<u>\$ 9,728</u>	<u>\$ 21,729</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll Taxes	<u>\$ 369</u>	<u>\$ 369</u>
Total current liabilities	<u>369</u>	<u>369</u>
Net Assets		
Unrestricted: Undesignated	4,181	14,535
Unrestricted: Board Designated for Executive Leadership	1,189	-
Temporarily Restricted	<u>3,989</u>	<u>6,825</u>
Total net assets	<u>9,359</u>	<u>21,360</u>
Total liabilities and net assets	<u>\$ 9,728</u>	<u>\$ 21,729</u>

See accompanying notes and accountants' compilation report.

FUTURE LEADERSHIP FOUNDATION
STATEMENT OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2012
(with summarized totals for the year ended December 31, 2011)

	Unrestricted	Temporarily Restricted	2012 Total (Compiled)	2011 Total (Reviewed)
Revenues				
Contributions Income				
General Contributions	\$ 14,762	\$ -	\$ 14,762	\$ 13,599
Participant Trip Cost	-	13,814	13,814	15,878
Belarus	-	13,398	13,398	10,510
Ukraine	-	6,168	6,168	10,729
Estonia	-	3,076	3,076	3,500
Hatfield Endowment	-	150	150	-
Administrative Income	-	-	-	1,162
Leadership Coaching Event	-	28,925	28,925	-
Fresh Wind CD Sales	-	-	-	64
Interest Income	6	-	6	67
Unrealized Gain/Loss on Investments	(23)	-	(23)	(144)
Net Assets Released from Restrictions	68,367	(68,367)	-	-
Total Revenues	<u>83,111</u>	<u>(2,836)</u>	<u>80,275</u>	<u>55,365</u>
Expenses				
Program Expenses				
Church Coaching	31,136	-	31,136	1,495
Participant Trip Cost	15,113	-	15,113	14,019
Belarus	12,566	-	12,566	11,050
Estonia	7,034	-	7,034	-
Ukraine	5,614	-	5,614	11,580
Modolva	106	-	106	-
Other Restricted Gifts	73	-	73	759
Office Expenses	8	-	8	167
Fundraising Expenses				
Advertising	594	-	594	551
Newsletter	585	-	585	335
Other Fundraising Expenses	394	-	394	1,382
Constant Contact	384	-	384	-
Postage	369	-	369	431
Stationary	9	-	9	660
Administrative Expenses				
Wages	5,201	-	5,201	5,201
Accounting	4,006	-	4,006	4,111
Computer Database	2,901	-	2,901	-
Board Expenses	1,829	-	1,829	560
Meetings and Events	1,486	-	1,486	-
Repairs and Maintenance	919	-	919	-
Technology Support	483	-	483	336
Insurance	414	-	414	436
Payroll Taxes	398	-	398	398
Telephone Services	185	-	185	183
Office Expenses	140	-	140	129
Postage	113	-	113	115
Staff Expenses	107	-	107	427
Fees	78	-	78	61
Stationary	30	-	30	540
Other Administrative Expenses	-	-	-	25
Total Expenses	<u>92,276</u>	<u>-</u>	<u>92,276</u>	<u>54,951</u>
Change in Net Assets	(9,165)	(2,836)	(12,001)	414
Net Assets, Beginning of Year	<u>14,535</u>	<u>6,825</u>	<u>21,360</u>	<u>20,946</u>
Net Assets, End of Year	<u>\$ 5,370</u>	<u>\$ 3,989</u>	<u>\$ 9,359</u>	<u>\$ 21,360</u>

See accompanying notes and accountants' compilation report.

FUTURE LEADERSHIP FOUNDATION
STATEMENT OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total (Reviewed)</u>
Revenues			
Contributions Income			
General Contributions	\$ 13,599	\$ -	\$ 13,599
Participant Trip Cost	-	15,878	15,878
Belarus	-	10,510	10,510
Ukraine	-	10,729	10,729
Estonia	-	3,500	3,500
Hatfield Endowment	-	-	-
Administrative Income	-	1,162	1,162
Fresh Wind CD Sales	-	64	64
Interest Income	67	-	67
Unrealized Gain/Loss on Investments	(144)	-	(144)
Net Assets Released from Restrictions	37,024	(37,024)	-
Total Revenues	<u>50,546</u>	<u>4,819</u>	<u>55,365</u>
Expenses			
Program Expenses			
Church Coaching	1,495	-	1,495
Participant Trip Cost	14,019	-	14,019
Belarus	11,050	-	11,050
Estonia	-	-	-
Ukraine	11,580	-	11,580
Modolva	-	-	-
Other Restricted Gifts	759	-	759
Office Expenses	167	-	167
Fundraising Expenses			
Advertising	551	-	551
Newsletter	335	-	335
Other Fundraising Expenses	1,382	-	1,382
Constant Contact	-	-	-
Postage	431	-	431
Stationary	660	-	660
Administrative Expenses			
Wages	5,201	-	5,201
Accounting	4,111	-	4,111
Board Expenses	560	-	560
Technology Support	336	-	336
Insurance	436	-	436
Payroll Taxes	398	-	398
Telephone Services	183	-	183
Office Expenses	129	-	129
Postage	115	-	115
Staff Expenses	427	-	427
Fees	61	-	61
Stationary	540	-	540
Other Administrative Expenses	25	-	25
Total Expenses	<u>54,951</u>	<u>-</u>	<u>54,951</u>
Change in Net Assets	(4,405)	4,819	414
Net Assets, Beginning of Year	<u>18,940</u>	<u>2,006</u>	<u>20,946</u>
Net Assets, End of Year	<u>\$ 14,535</u>	<u>\$ 6,825</u>	<u>\$ 21,360</u>

See accompanying notes and accountants' compilation report.

FUTURE LEADERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of activities: The Future Leadership Foundation (the Foundation) is a mission-based, nonprofit foundation that facilitates the development of Christian leaders in Eastern Europe and around the world. The Foundation uses teams of short-term volunteers to meet the expressed needs of Eastern European churches. No revenues or expenses have been recorded for such donated services due to the Foundation's utilization of the modified cash basis of accounting.

Basis of Accounting: The financial statements of the Foundation have been prepared on the modified cash basis of accounting. Therefore, with the exception of realized and unrealized gains and losses on investments, which are recognized based on changes in the fair value of the investments when such changes occur, revenues are recognized when received and expenses are recognized when paid. Accordingly, the accompanying financial statements are not intended to present the Foundation's financial position and results of operations in conformity with U.S. generally accepted accounting principles

Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial statement presentation: The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted, based upon the existence or absence of donor stipulations on contributions received. All contributions received, unless restricted by the donor, are considered to be unrestricted, including contributions stipulated for use consistent with the basic purpose of the Foundation. Contributions with more specific donor stipulations are reported as restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenues and expenses as net assets released from restrictions. Contributions with permanent donor restrictions typically require that the corpus of the contribution be invested with earnings either unrestricted or temporarily restricted. The Foundation had only unrestricted and temporarily restricted net assets as of December 31, 2012 and 2011.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial statements.

Concentration of Credit Risk: Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation places its cash with credit worthy high-quality financial institutions. At December 31, 2012 and 2011, the Foundation had no balances in excess of FDIC Insurance. The Foundation has not sustained any losses due to exposure noted above.

Program and Supporting Services: The following program and supporting services are included in the accompanying statements of revenues and expenses:

Program Services: Includes direct expenses to achieve Foundation and program goals.

See accountants' compilation report.

Fundraising: Includes expenses generated from events to raise income for the Foundation.

Administrative: Includes direct expenses necessary to coordinate and administer program services and to manage the financial responsibilities of the Foundation.

Tax Status: The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions of the State Code. The Form 990 and taxable status of the Foundation are subject to examination by the Internal Revenue Service for open tax years, which as of the date of this report are the years 2009 through 2012. Interest and penalties incurred, if any, related to annual Form 990 filings are reported as other administrative expenses in the accompanying statements of revenues and expenses.

Subsequent events: Events that have occurred subsequent to December 31, 2012 have been evaluated through August 26, 2013, which represents the date the Foundation's financial statements were available to be issued.

2. RESTRICTIONS ON NET ASSETS

The nature of donor stipulations on temporarily restricted net assets as of December 31 was as follows:

	2012 (Compiled)	2011 (Reviewed)
Belarus	\$ -	\$ 104
Choir	7	7
Church Coaching	1,280	-
Hope Project	100	100
Hatfield Endowment	1,405	1,255
Ukraine	637	-
Estonia	-	3,500
Participant Trip	560	1,859
Total	<u>\$ 3,989</u>	<u>\$ 6,825</u>

3. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

4. INVESTMENTS

Investments are carried at fair value and are summarized below at December 31:

	2012 (Compiled)		
	Cost	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 1,373	\$ (77)	\$ 1,296

	2011 (Reviewed)		
	Cost	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 1,373	\$ (110)	\$ 1,263

5. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For assets and liabilities required to be reported at fair value, accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

See accountants' compilation report.

The Company's assets measured at fair value on a recurring basis as of December 31, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	2012			
	Total (Compiled)	Level 1	Level 2	Level 3
Investments: mutual funds	\$ 1,296	\$ 1,296	\$ -	\$ -

Description	2011			
	Total (Reviewed)	Level 1	Level 2	Level 3
Investments: mutual funds	\$ 1,263	\$ 1,263	\$ -	\$ -

Level 1 classifications for the Foundation consist of mutual funds based on readily determinable fair values based upon quoted prices in active markets.

See accountants' compilation report.