

FUTURE LEADERSHIP FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of Future Leadership Foundation (a nonprofit organization) as of December 31, 2013, and the related statements of activities and cash flows 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 accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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 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.

Williams - Keepers LLC

March 28, 2014

FUTURE LEADERSHIP FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

ASSETS

Current Assets	
Cash and cash equivalents	\$ 29,848
Investments	<u>1,623</u>
Total assets	<u><u>\$ 31,471</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 2,763
Payroll Taxes	<u>-</u>
Total current liabilities	<u>2,763</u>
Net Assets	
Unrestricted: Undesignated	6,210
Unrestricted: Board Designated for Executive Leadership	2,578
Unrestricted: Board Designated for Hatfield Endowment	<u>1,734</u>
Total unrestricted net assets	10,522
Temporarily Restricted	<u>18,186</u>
Total net assets	<u>28,708</u>
Total liabilities and net assets	<u><u>\$ 31,471</u></u>

See accompanying notes and accountants' compilation report.

FUTURE LEADERSHIP FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions Income			
Ukraine	\$ -	\$ 23,217	\$ 23,217
Participant Trip Cost	-	18,116	18,116
General Contributions	15,485	-	15,485
Leadership Coaching Event	-	12,275	12,275
Belarus	-	7,986	7,986
Pastors Retreat	-	6,000	6,000
Administrative Income	642	-	642
Moldova	-	600	600
Hatfield Endowment	125	-	125
Unrealized Gain/Loss on Investments	137	-	137
Interest/Investment Income	67	-	67
Net Assets Released from Restrictions	53,997	(53,997)	-
Total Revenues	70,453	14,197	84,650
Expenses			
Program Expenses			
Participant Trip Cost	18,139	-	18,139
Ukraine	14,444	-	14,444
Church Coaching	8,500	-	8,500
Belarus	6,268	-	6,268
Office Expenses	14	-	14
Total Program Expenses	47,365	-	47,365
Fundraising Expenses			
Advertising	1,075	-	1,075
Stationary	727	-	727
Constant Contact	396	-	396
Other Fundraising Expenses	205	-	205
Postage	170	-	170
Total Fundraising Expenses	2,573	-	2,573
Administrative Expenses			
Accounting	4,520	-	4,520
Computer Database	2,103	-	2,103
Strategic Initiatives	1,850	-	1,850
Technology Support	1,290	-	1,290
Wages	1,084	-	1,084
Board Expenses	1,036	-	1,036
Fees	738	-	738
Insurance	410	-	410
Staff Expenses	363	-	363
Postage	178	-	178
Other Administrative Expenses	37	-	37
Payroll Taxes	83	-	83
Office Expenses	76	-	76
Meetings and Events	75	-	75
Telephone Services	73	-	73
Total Administrative Expenses	13,916	-	13,916
Total Expenses	63,854	-	63,854
Change in Net Assets	6,599	14,197	20,796
Net Assets, Beginning of Year	3,923	3,989	7,912
Net Assets, End of Year	\$ 10,522	\$ 18,186	\$ 28,708

See accompanying notes and accountants' compilation report.

FUTURE LEADERSHIP FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ 20,796
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:	
Investment gains	(137)
Adjustments for changes in operating assets and liabilities:	
Accounts Payable	1,316
Accrued Payroll Liabilities	<u>(369)</u>
Net cash provided by operating activities	<u>21,606</u>

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Investments	<u>(190)</u>
Net cash (used) by investing activities	<u>(190)</u>

Net change in cash and cash equivalents	21,416
Cash and cash equivalents, beginning of period	<u>8,432</u>
Cash and cash equivalents, end of period	<u><u>\$ 29,848</u></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. The donated time from such volunteers does not meet the criteria for financial statement recognition.

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred.

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 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, 2013.

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.

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, 2013, 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 statement of activities:

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

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.

See accountants' compilation report.

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 2010 through 2013. Interest and penalties incurred, if any, related to annual Form 990 filings are reported as other administrative expenses in the accompanying statement of activities.

Subsequent events: Events that have occurred subsequent to December 31, 2013 have been evaluated through March 28, 2014, 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, 2013 was as follows:

Ukraine	\$ 9,409
Guatemala	6,000
Belarus House of Mercy	300
Belarus Church Partnership	1,232
Participant Trip	538
Moldova	600
Hope Project	100
Choir	7
Total	<u>\$ 18,186</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 activities. 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, 2013:

	Cost	Gross Unrealized Gains (Losses)	Fair Value
Mutual Funds	<u>\$ 1,450</u>	<u>\$ 173</u>	<u>\$ 1,623</u>

See accountants' compilation report.

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.

The Company's assets measured at fair value on a recurring basis as of December 31, 2013, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	2013 Total	Level 1	Level 2	Level 3
Investments: mutual funds	\$ 1,623	\$ 1,623	\$ -	\$ -

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.