

**FUTURE LEADERSHIP
FOUNDATION**

Columbia, Missouri

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

For the Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Elmer L. Evers, Emeritus
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Keith L. Taylor, Emeritus

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

We have reviewed the accompanying financial statements of **Future Leadership Foundation** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

April 30, 2020

FUTURE LEADERSHIP FOUNDATION
Columbia, Missouri

STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 53,197.52
Investments	<u>2,488.17</u>
Total Current Assets	<u>55,685.69</u>
TOTAL ASSETS	<u><u>\$ 55,685.69</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,069.60
Funds held for others	<u>5,678.00</u>
Total Current Liabilities	<u>7,747.60</u>
Total Liabilities	7,747.60

NET ASSETS

Without Donor Restrictions:	
Designated for Executive Leadership	10,345.13
Undesignated	(3,240.41)
Net Assets with Donor Restrictions	<u>40,833.37</u>
Total Net Assets	<u>47,938.09</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 55,685.69</u></u>

See accompanying notes and independent accountants' review report.

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
SUPPORT AND REVENUES:			
Contributions			
General Contributions	\$ 34,794.86	\$ -	\$ 34,794.86
Hatfield Endowment	-	5,745.00	5,745.00
Trip Participant	-	40,087.56	40,087.56
Ukraine	-	28,649.03	28,649.03
Central America	-	400.00	400.00
India	-	6,500.00	6,500.00
Lithuania	-	3,480.00	3,480.00
Moldova	-	14,379.28	14,379.28
Poland	-	10,569.16	10,569.16
Estonia	-	2,650.00	2,650.00
FLF Partnership Grants	-	20,013.67	20,013.67
Global Leadership	-	100.00	100.00
Investment Income	3.36	91.41	94.77
Total Support and Revenues	<u>34,798.22</u>	<u>132,665.11</u>	<u>167,463.33</u>
Amount Released from Restriction	<u>129,649.73</u>	<u>(129,649.73)</u>	<u>-</u>
EXPENSES:			
Program Expenses:			
Leadership Training	151,312.25	-	151,312.25
Support Expenses:			
Administrative	28,001.79	-	28,001.79
Total Expenses	<u>179,314.04</u>	<u>-</u>	<u>179,314.04</u>
EXCESS/(DEFICIT) OF SUPPORT AND REVENUES OVER EXPENSES	<u>(14,866.09)</u>	<u>3,015.38</u>	<u>(11,850.71)</u>
OTHER CHANGES IN NET ASSETS			
Unrealized gain/(loss) on investments	<u>-</u>	<u>253.38</u>	<u>253.38</u>
TOTAL INCREASE/(DECREASE) IN NET ASSETS	<u>(14,866.09)</u>	<u>3,268.76</u>	<u>(11,597.33)</u>
NET ASSETS, BEGINNING OF YEAR	<u>21,970.81</u>	<u>37,564.61</u>	<u>59,535.42</u>
NET ASSETS, END OF YEAR	<u>\$ 7,104.72</u>	<u>\$ 40,833.37</u>	<u>\$ 47,938.09</u>

See accompanying notes and independent accountants' review report.

FUTURE LEADERSHIP FOUNDATION
Columbia, Missouri

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	PROGRAM SERVICES		SUPPORTING SERVICES	TOTAL 2019 EXPENSES
	LEADERSHIP TRAINING	ALLOCATION OF INDIRECT PROGRAM EXPENSES	MANAGEMENT AND GENERAL	
Participant Trip Cost	\$ 40,087.56	\$ 6,133.28	\$ -	\$ 46,220.84
Partnership Grants	24,446.49	3,740.24	-	28,186.73
Ukraine	33,178.08	5,076.15	-	38,254.23
Central America	2,184.83	334.27	-	2,519.10
India	6,500.00	994.48	-	7,494.48
Lithuania	3,500.00	535.49	-	4,035.49
Moldova	14,379.28	2,199.99	-	16,579.27
Poland	6,957.62	1,064.49	-	8,022.11
Constituent Communication	-	-	1,452.44	1,452.44
Media & Marketing	-	-	112.55	112.55
Travel Expense	-	17,078.39	1,155.00	18,233.39
Accounting	-	-	5,510.10	5,510.10
Technology Support and Software	-	-	4,622.89	4,622.89
Business Fees and Permits	-	-	643.34	643.34
Contract Services	-	3,000.00	8,400.04	11,400.04
Board Expenses	-	-	2,312.09	2,312.09
Rent Expense	-	-	1,750.00	1,750.00
Postage	-	-	286.40	286.40
Office Expenses	-	-	1,196.24	1,196.24
Telephone Expense	-	-	191.33	191.33
Miscellaneous Expense	-	-	369.37	369.37
Allocated Expenses	-	(20,078.39)	-	(20,078.39)
Total Functional Expenses	<u>\$ 131,233.86</u>	<u>\$ 20,078.39</u>	<u>\$ 28,001.79</u>	<u>\$ 179,314.04</u>

See accompanying notes and independent accountants' review report.

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2019

A) Cash Flows from Operating Activities:

Increase (Decrease) in Net Assets	\$	(11,597.33)
Adjustment to Reconcile Increase(Decrease) In Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (gain)/loss on investments		(253.38)
Increase(Decrease):		
Accounts payable		1,600.91
Funds held for others		1,539.00
Total Adjustments		<u>2,886.53</u>
Net Cash Provided by Operating Activities		<u>(8,710.80)</u>

B) Cash Flows from Investing Activities:

Purchases of investments		(193.32)
Proceeds from sale of investments		98.55
Net Cash (Used) Provided by Investing Activities		<u>(94.77)</u>
Increase(Decrease) in Cash and Cash Equivalents		(8,805.57)
Cash and Cash Equivalents at Beginning of Year		<u>62,003.09</u>
Cash and Cash Equivalents at End of Year	\$	<u>53,197.52</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$	-
Income Taxes	\$	-

See accompanying notes and independent accountants' review report.

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

The Future Leadership Foundation (the Foundation) is a mission-based, nonprofit organization that facilitates the development of Christian leaders around the world. The Foundation uses short-term volunteers to meet the expressed needs of Christian ministries, such as churches, seminaries, and national leadership councils.

Basis of Accounting

The financial statements of Future Leadership Foundation have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Use of 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 and liabilities and disclosures 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.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Future Leadership Foundation had net assets without donor restrictions and net assets with donor restrictions at December 31, 2019.

Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash equivalents include all highly liquid debt instruments purchased with an original maturity of three months or less.

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

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, 2019, the Foundation had no balances in excess of FDIC Insurance.

Investments

The Foundation follows the policy of recording all investments at market value. Gains or losses on investments are recognized upon conversion of the investments into cash. Unrealized gains and losses are included as a component of net assets.

Fair Value Measurements

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Income Taxes

Future Leadership Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation paid no state or federal taxes on such income for the year ended December 31, 2018. Open tax years subject to examination by the Internal Revenue Service at December 31, 2019 were 2016 through 2018.

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include contract services and travel, which are both allocated on the basis of estimates of time and effort.

Subsequent Events

The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 30, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS:

The nature of stipulations on net assets with donor restrictions as of December 31, 2019 was as follows:

Ukraine Macedonia Project	\$ 15,959.99
Ukraine Seminary	1,928.00
Pakistan	270.00
Central America	406.22
Distance Learning	881.35
Grant Acquisition	147.76
FLF Partnership Grants	-
Global Leadership Summit Scholarship	1,017.27
Belarus	875.00
Poland	3,466.54
Poland Library Initiative	145.00
Estonia	2,650.00
Hatfield Endowment	13,086.24
Total	<u>\$ 40,833.37</u>

FUTURE LEADERSHIP FOUNDATION
Columbia, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 3 – FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)
Investments	\$ 2,488.17	\$ 2,488.17
Total Assets	\$ 2,488.17	\$ 2,488.17

Operating Fund Investments consist of mutual investments with the Missouri Baptist Foundation.

NOTE 4 - AVAILABILITY AND LIQUIDITY:

The following represents the Foundation's financial assets at December 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 53,197.52
Investment in foundation fund	2,488.17
Total Financial Assets	55,685.69
Less: funds not available for general expenditures:	
Donor restricted funds	(40,833.37)
Total funds not available for general expenditures	(40,833.37)
Financial assets available to meet general expenditures	
Over the next twelve months	\$ 14,852.32

The Foundation's goal is generally to maintain financial assets to meet 150 days of administrative expenses (approximately \$11,508).

FUTURE LEADERSHIP FOUNDATION

Columbia, Missouri

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 5 – ENDOWMENT:

The Foundation established an endowment fund, to be known as the Hatfield Endowment, in 2010 by resolution as noted in the board minutes dated June 4, 2010. A grant was received from the Missouri Baptist Foundation in 2014 to advance funds to various projects; these funds were then repaid by sponsoring churches and placed back into the principle account of the endowment. Contributions received directly to the Hatfield Endowment are held in an investment account at the Missouri Baptist Foundation. The grant received from the Missouri Baptist Foundation is held in a cash account designated as Hatfield Endowment. The Hatfield Endowment fund is not available for operations, and the investment income derived from this fund is also considered to be donor restricted.

NOTE 6 – FUNDS HELD FOR OTHERS:

The funds held for others are to be remitted to the assigned recipients when possible.

	<u>2019</u>
Ukraine Baptist Theological Seminary	\$ 1,278.00
Baca Valley Ministries	350.00
Tabitha House	<u>4,050.00</u>
	<u>\$ 5,678.00</u>

NOTE 7 – DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS:

The Foundation maintains a fund, identified as the Executive Leadership Fund, which was designated by the board in the past as seed money to draw upon when moving the Executive Director from voluntary to a part-time paid position. Individual FLF board members and leadership team members pledged sufficient contributions in 2018 and 2019 to establish the part-time paid position of Executive Director without needing to access this fund. Beginning in 2020 the fund will be renamed Operational Reserve. Its purpose will be to serve as a reserve fund to support the general fund.

NOTE 8 – SUBSEQUENT EVENT:

The emergence and spread of COVID 19 in early 2020 has affected business and economic activity in the United States of America and elsewhere. There has been a significant decline in all of the major stock market indices which affects the market value of investments. It is anticipated that the market will remain volatile for the short term. The extent of any further decline or the duration of the decline cannot be reasonably determined at this time. There has also been a decline in Foundation business activities, due to the virus affecting both international travel and income generating activities. Management is closely monitoring the situation and will take action as directed by the governing body.