

**FUTURE GENERATIONS UNIVERSITY CORPORATION  
& FUTURE GENERATIONS, INC.**

*COMBINED FINANCIAL STATEMENTS*

*June 30, 2019*

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)  
& FUTURE GENERATIONS, INC. (FUTURE.ORG)**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7
SEPARATE ENTITY FINANCIAL STATEMENTS	
Statement of Financial Position – Future Generations University Corporation	16
Statement of Activities – Future Generations University Corporation	17
Statement of Functional Expenses – Future Generations University Corporation	18
Statement of Financial Position – Future Generations, Inc.	19
Statement of Activities – Future Generations, Inc.	20
Statement of Functional Expenses – Future Generations, Inc.	21

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Each Entity  
Future Generations University Corporation &  
Future Generations, Inc.  
Franklin, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Future Generations University Corporation and Future Generations, Inc. (both nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Future Generations University Corporation and Future Generations, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The separate entity financial statements on pages 16-21 is presented for purposes of additional analysis and is 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.

*Beachy Arehart, PLLC*

Harrisonburg, Virginia  
December 4, 2019

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
COMBINED STATEMENT OF FINANCIAL POSITION  
June 30, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 173,617
Accounts receivable, less allowance for doubtful accounts of \$2,000	7,500
Grant funds receivable	20,697
Prepaid expenses	9,851
Employee advances	<u>1,403</u>

TOTAL CURRENT ASSETS 213,068

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation 1,513,803

INVESTMENTS 11,685,862

FUNDS HELD FOR OTHER ENTITY 395,747

TOTAL ASSETS \$ 13,808,480

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 13,699
Accounts payable	74,691
Accrued wages	19,507
Deferred revenue	<u>7,755</u>

TOTAL CURRENT LIABILITIES 115,652

LONG-TERM DEBT, net of current portion 464,326

FUNDS HELD FOR OTHER ENTITY 395,747

TOTAL LIABILITIES 975,725

NET ASSETS

Without donor restrictions	1,038,995
With donor restrictions	<u>11,793,760</u>

TOTAL NET ASSETS 12,832,755

TOTAL LIABILITIES AND NET ASSETS \$ 13,808,480

See accompanying notes to financial statements.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
COMBINED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 1,700,345	\$ 507,495	\$ 2,207,840
Tuition revenue, net of discounts	278,113	-	278,113
Investment income	267,923	641,415	909,338
Unrealized loss on investments	-	(178,746)	(178,746)
Other revenue	26,167	-	26,167
Net assets released from restrictions	<u>402,886</u>	<u>(402,886)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,675,434</u>	<u>567,278</u>	<u>3,242,712</u>
<b>PROGRAM SERVICES</b>			
Graduate program	1,746,490	-	1,746,490
Global network	13,602	-	13,602
International country partners	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>1,810,092</u>	<u>-</u>	<u>1,810,092</u>
<b>SUPPORTING SERVICES</b>			
Management and general	355,497	-	355,497
Fundraising	<u>293,004</u>	<u>-</u>	<u>293,004</u>
	<u>648,501</u>	<u>-</u>	<u>648,501</u>
<b>TOTAL EXPENSES</b>	<u>2,458,593</u>	<u>-</u>	<u>2,458,593</u>
<b>CHANGE IN NET ASSETS</b>	216,841	567,278	784,119
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>822,154</u>	<u>11,226,482</u>	<u>12,048,636</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,038,995</u>	<u>\$ 11,793,760</u>	<u>\$ 12,832,755</u>

See accompanying notes to financial statements.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2019**

	Program Services		Supporting Services			
	Graduate Program	Global Network	International Country Partners	Management and General	Fundraising	Total
Wages, payroll taxes and benefits	772,887	-	-	170,488	205,031	1,148,406
Supplies	231,508	-	-	12,145	31,444	275,097
Scholarships	230,404	-	-	-	-	230,404
Professional fees	214,233	-	-	8,168	6,083	228,484
Travel, meetings and conferences	118,779	-	-	-	45,335	164,114
Contracts and grants	45,782	-	50,000	-	-	95,782
Other	61,248	-	-	27,401	-	88,649
Depreciation	23,102	-	-	60,969	-	84,071
Repairs and maintenance	-	-	-	52,331	-	52,331
International associates	34,149	12,648	-	-	5,009	51,806
Interest expense	-	-	-	21,976	-	21,976
Taxes and fees	14,398	954	-	2,019	102	17,473
	<u>\$ 1,746,490</u>	<u>\$ 13,602</u>	<u>\$ 50,000</u>	<u>\$ 355,497</u>	<u>\$ 293,004</u>	<u>\$ 2,458,593</u>

See accompanying notes to financial statements.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
COMBINED STATEMENT OF CASH FLOWS  
Year Ended June 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contracts and grants	\$ 1,795,240
Cash received from investment income	909,338
Cash received from students	50,036
Other cash received	26,167
Cash paid to employees	(990,529)
Cash paid for payroll taxes and benefits	(157,650)
Cash paid to suppliers	(900,878)
Cash paid for interest	<u>(21,976)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>709,748</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(109,100)
Proceeds from sale of investments	5,324,422
Purchase of investments	<u>(6,242,531)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(1,027,209)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for investment in permanent endowment	400,000
Repayment of long-term debt	<u>(10,772)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 <u>389,228</u>
 NET INCREASE IN CASH	 71,767
 CASH AT BEGINNING OF YEAR	 <u>101,850</u>
 CASH AT END OF YEAR	 <u>\$ 173,617</u>



**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Combination**

These combined financial statements include the accounts of Future Generations University Corporation and Future Generations Inc. They support also financial transactions by these two organizations with international sister organizations. All material interorganizational transactions have been eliminated.

**Future Generations University Corporation (Future.EDU) and Future Generations Inc. (Future.ORG)** are two legally separate nonprofit organizations with separated governance. In their financial management, the two organizations work in mutual support. Both organizations are grounded in community-based action. Future Generations University Corporation's distinctive niche is applied community learning. Future Generations Inc. distinctive niche is supporting the practice of community-based advancement of the quality of life and preservation of the natural environment. Due to the organizations working in mutual support and sharing some management functions, the presentation of combined financial statements provides the best information to the users of these financial statements.

**Nature of Activities**

**Future Generations University Corporation** was chartered in 2003 as Future Generations Graduate School to offer a Master's Degree in Applied Community Development. Full accreditation was awarded in 2010 by the USAs Higher Learning Commission; this is the oldest and largest accrediting body in America. In 2018, the Organization expanded into a University and completed construction of a 3,600 square foot addition to its main facility and purchased 2 additional properties. The organization remains a community-based yet global structure, centered on Applied Community-Engaged Research, Learning and Action.

**Future Generations Inc.** was chartered in 1992. A quarter century ago the organization realized that top-down programs would not reach the unreached and be sustaining unless community methods joined with the top-down. Since that time, the organization focuses on understanding *how community-based social change could scale*. This organization extends action and support alumni of Future Generations University and to partner Future Generations organizations around the world in the USA, India, China, Afghanistan and Peru. These services strengthen the skills and partnerships of communities and governments so that they can mobilize self-reliant solutions to improve their quality of life and/or to protect their natural environment. The organization has particular expertise in community-based conservation, climate awareness, health, digital literacy, peace building and local governance.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recognition of Donor Restrictions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with restrictions that are received and expended in the same year are classified as contributions without donor restrictions.

**Date of Management’s Review**

Subsequent events were evaluated through December 4, 2019, which is the date the financial statements were available to be issued.

**Cash**

The Organization considers all unrestricted short-term investments with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable**

University student accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the current status of individual accounts.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Income Tax Status**

Both organizations are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to an organization’s tax-exempt purpose is subject to taxation as unrelated business income. Both organizations believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. In addition, the organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and they each have been classified as an organization other than a private foundation under Section 509(a)(2).

**Expense Allocation**

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, along with the allocation methodology, are as follows:

<u>Expense</u>	<u>Methodology</u>
Salaries and wages	Estimates of time and effort
Benefits and payroll taxes	Estimates of time and effort

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property and Equipment**

Future.Edu and Future.Org follow the practice of capitalizing expenditures at cost for property and equipment in excess of \$500. The costs of additions and betterments are capitalized, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Contributions of property and materials are capitalized at the current fair market values. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Property and equipment are summarized by major classification as follows:

Land and improvements	\$ 288,051
Buildings	1,474,332
Furniture and equipment	<u>195,139</u>
	1,957,522
Accumulated depreciation	<u>(443,719)</u>
	<u>\$ 1,513,803</u>

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE B – CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the beginning net assets. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.

The unrestricted net asset class has been renamed *net assets without donor restrictions*.

The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements.

The financial statements include a new disclosure about liquidity and availability of resources (Note C).

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As originally presented	After Adoption of ASU 2016-14
Unrestricted net assets (deficit)	\$ 822,154	\$ -
Temporarily restricted net assets	12,775	-
Permanently restricted net assets	11,213,707	-
Net assets without donor restrictions	-	822,154
Net assets with donor restrictions	-	11,226,482
	<u>\$ 12,048,636</u>	<u>\$ 12,048,636</u>

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted amounts that are available for use within one year for general purposes include the investment return that will be appropriated from the endowment funds in the next year. The Organization considers general expenditures to be all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities.

Financial assets:	
Cash and cash equivalents	\$ 173,617
Accounts receivable	7,500
Grant funds receivable	20,697
Amount to be appropriated from endowments	<u>464,500</u>
	<u>666,314</u>
Less those unavailable for general expenditure within one year:	
Donor-restricted assets	<u>(107,898)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 558,416</u>

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a \$250,000 line of credit with a bank that can be drawn upon as needed to manage cash flow.

**NOTE D – SHORT-TERM DEBT**

The Organization has available a line of credit with Pendleton Community Bank, with a maximum borrowing amount of \$250,000. Interest on the credit line is tied to the prime rate. There was no outstanding balance on the credit line as of June 30, 2019.

**NOTE E – LONG-TERM DEBT**

Long-term debt consists of the following notes:

Promissory note to Pendleton Community Bank with interest at 3.65%, due \$2,046 monthly, including interest, until October 2042. Secured by a \$500,000 certificate of deposit that is an asset of the endowment funds.	\$ 378,456
Promissory note to Pendleton Community Bank with interest at 3.65%, due \$525 monthly, including interest, until September 2042. Secured by a \$500,000 certificate of deposit that is an asset of the endowment funds.	<u>99,569</u>
	<u>478,025</u>
Less current portion of long-term debt	<u>(13,699)</u>
	<u><u>\$ 464,326</u></u>

Maturities of long-term debt are as follows:

Year Ended June 30,		
2020	\$	13,699
2021		14,208
2022		14,735
2023		15,281
2024		15,849
Thereafter		<u>404,253</u>
	\$	<u><u>478,025</u></u>

**NOTE F – FUNDS HELD FOR OTHER ENTITY**

The Organization has received funds from Future Generations Afghanistan (FGA), an unrelated entity, to be held on behalf of FGA. The funds are being held in a separate investment account, and will be transferred back to FGA upon request. The Organization is not entitled to any income from the investment account.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE G – INVESTMENTS**

Investments are presented in the financial statements at fair value. All investments are restricted as part of the endowment funds. Cost and fair values at June 30, 2019 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 3,553,312	\$ 3,553,312
U.S. equities	2,547,448	2,718,970
Mutual funds	2,229,497	2,540,586
Corporate bonds	1,378,432	1,495,202
Preferred stock	938,462	999,600
Other	687,250	378,192
	<u>\$ 11,334,401</u>	<u>\$ 11,685,862</u>

The following schedule summarizes the investment return and its classification in the statement of activities:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 23,014	\$ 349,121	\$ 372,135
Investment management fees	-	(42,339)	(42,339)
Net realized gain	244,909	334,633	579,542
Net unrealized loss	-	(178,746)	(178,746)
	<u>\$ 267,923</u>	<u>\$ 462,669</u>	<u>\$ 730,592</u>

**NOTE H – FAIR VALUE MEASUREMENTS**

**Fair Value Hierarchy**

The fair value accounting standards establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure fair value.

Investments in debt and equity securities are recorded at fair value on a recurring basis. When quoted market prices are unobservable, management uses quotes from independent pricing vendors based on independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating and other factors such as credit loss assumptions.

The fair value of real estate is based on an independent appraisal.

Management believes that the valuations used in its financial statements are reasonable and are appropriately classified in the fair value hierarchy.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE H – FAIR VALUE MEASUREMENTS (Continued)**

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices		
		in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	\$ 3,553,312	\$ -	\$ 3,553,312	\$ -
Corporate debt securities	1,495,202	1,495,202	-	-
U.S. equities	2,718,970	2,718,970	-	-
Mutual funds	2,540,586	-	-	-
Preferred stock	999,600	999,600	-	-
Real estate	378,192	-	378,192	-
	<u>\$ 11,685,862</u>	<u>\$ 5,213,772</u>	<u>\$ 3,931,504</u>	<u>\$ -</u>

**NOTE I – ENDOWMENT FUNDS**

All endowment funds are held by Future.Edu. The endowment consists of seven individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Organization has interpreted West Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions 1) the original value of gifts donated to the perpetual endowment, 2) the original value of subsequent gifts to the perpetual endowment, and 3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the various funds, 2) the purposes of the donor-restricted endowment funds, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of the Organization, and 7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies.

The Investment Committee meets at least twice a year and more often if the financial climate appears to necessitate. The committee consists of Treasurer on Board of Trustees, University President, Independent Financial Advisor, and for major decisions at his choice to join, the Board Chair; the Chief Operating Officer attends as a non-voting member. One function performed is a general review of investment climate and investment performance, updating its guidance to Management. A second function is to update the Investment Guidelines that sets investment boundaries for each asset allocation in accord with prudent financial management and the general guidelines in the paragraph below.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE I – ENDOWMENT FUNDS (Continued)**

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution 4% annual of the three (3) year average market value of the endowment funds as calculated at the end of each quarter. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects this formula to avoid large fluctuations and allow the endowment corpus and revenue stream to keep pace with inflation.

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ (267,208)	\$ 11,213,707	\$ 10,946,499
Contributions	-	400,000	400,000
Investment income	267,208	641,415	908,623
Net appreciation	-	(178,746)	(178,746)
Amounts appropriated for expenditure	-	(390,514)	(390,514)
End of year	<u>\$ -</u>	<u>\$ 11,685,862</u>	<u>\$ 11,685,862</u>



**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &  
FUTURE GENERATIONS, INC. (FUTURE.ORG)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following periods or purposes:

Subject to Expenditure for Specified Purpose:

Maple research	\$ 107,494
Southern Syrup Symposium Sponsorship	404
Graduate school	<u>\$ 107,898</u>

Endowment Funds:

Scholarships:

Tibet Ethnicity	\$ 806,359
Chun-Wuei	2,835,803
Tibetan scholarship endowment	900,909

Professorships:

Carl Taylor Equity and Empowerment - Health	1,701,133
Robert Fleming Equity and Empowerment - Natural History	1,688,835
Yeti Equity and Empowerment - Social Change	1,799,271
Alumni network endowment	<u>1,953,552</u>
	<u>11,685,862</u>

\$ 11,793,760

**NOTE K – CONCENTRATION OF CONTRIBUTIONS**

For the year ended June 30, 2019, the Organization received approximately 57% of its contributions and grants from two donors.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 137,383
Accounts receivable, less allowance for doubtful accounts of \$2,000	7,500
Grants receivable	20,697
Prepaid expenses	9,851
Employee advances	<u>1,403</u>

TOTAL CURRENT ASSETS 176,834

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation	1,513,803
--	-----------

INVESTMENTS

11,685,862

TOTAL ASSETS

\$ 13,376,499

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 13,699
Accounts payable	76,768
Accrued wages	19,507
Deferred revenue	<u>7,255</u>

TOTAL CURRENT LIABILITIES 117,229

LONG-TERM DEBT, net of current portion

464,326

581,555

NET ASSETS

Without donor restrictions	1,001,184
With donor restrictions	<u>11,793,760</u>

TOTAL NET ASSETS 12,794,944

TOTAL LIABILITIES AND NET ASSETS

\$ 13,376,499

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 1,649,845	\$ 507,495	\$ 2,157,340
Tuition revenue, net of discounts	278,113	-	278,113
Investment income	267,923	641,415	909,338
Unrealized loss on investments	-	(178,746)	(178,746)
Other revenue	26,167	-	26,167
Net assets released from restrictions	<u>402,886</u>	<u>(402,886)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,624,934</u>	<u>567,278</u>	<u>3,192,212</u>
<b>PROGRAM SERVICES</b>			
Graduate program	<u>1,720,371</u>	<u>-</u>	<u>1,720,371</u>
<b>SUPPORTING SERVICES</b>			
Management and general	358,436	-	358,436
Fundraising	<u>293,004</u>	<u>-</u>	<u>293,004</u>
	<u>651,440</u>	<u>-</u>	<u>651,440</u>
<b>TOTAL EXPENSES</b>	<u>2,371,811</u>	<u>-</u>	<u>2,371,811</u>
<b>CHANGE IN NET ASSETS</b>	253,123	567,278	820,401
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>748,061</u>	<u>11,226,482</u>	<u>11,974,543</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,001,184</u>	<u>\$ 11,793,760</u>	<u>\$ 12,794,944</u>

See accompanying notes to financial statements.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	Graduate Program	Supporting Services		Total
		Management and General	Fundraising	
Wages, payroll taxes and benefits	772,887	170,488	205,031	1,148,406
Supplies	231,508	12,145	31,444	275,097
Scholarships	230,404	-	-	230,404
Professional fees	198,353	15,880	6,083	220,316
Travel, meetings and conferences	118,779	-	45,335	164,114
Other	61,248	22,628	-	83,876
Depreciation	23,102	60,969	-	84,071
Repairs and maintenance	-	52,331	-	52,331
International associates	34,149	-	5,009	39,158
Grants	35,543	-	-	35,543
Taxes and fees	14,398	2,019	102	16,519
Interest expense	-	21,976	-	21,976
<b>Total Expenses</b>	<b>\$ 1,720,371</b>	<b>\$ 358,436</b>	<b>\$ 293,004</b>	<b>\$ 2,371,811</b>

**FUTURE GENERATIONS, INC. (FUTURE.ORG)**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	36,234
Prepaid expenses		<u>2,181</u>

TOTAL CURRENT ASSETS		38,415
----------------------	--	--------

FUNDS HELD FOR OTHER ENTITY		<u>395,747</u>
-----------------------------	--	----------------

TOTAL ASSETS	\$	<u>434,162</u>
--------------	----	----------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	103
Deferred revenue		<u>500</u>

TOTAL CURRENT LIABILITIES		603
---------------------------	--	-----

FUNDS HELD FOR OTHER ENTITY		<u>395,747</u>
-----------------------------	--	----------------

		<u>396,350</u>
--	--	----------------

NET ASSETS

Without donor restrictions		<u>37,812</u>
----------------------------	--	---------------

TOTAL NET ASSETS		<u>37,812</u>
------------------	--	---------------

TOTAL LIABILITIES AND NET ASSETS	\$	<u>434,162</u>
----------------------------------	----	----------------

**FUTURE GENERATIONS, INC. (FUTURE.ORG)**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 67,364	\$ -	\$ 67,364
 TOTAL SUPPORT AND REVENUE	 <u>67,364</u>	 <u>-</u>	 <u>67,364</u>
 PROGRAM SERVICES			
Global Network	40,705		40,705
International country partners	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>90,705</u>	<u>-</u>	<u>90,705</u>
 SUPPORTING SERVICES			
Management and general	<u>12,940</u>	<u>-</u>	<u>12,940</u>
 TOTAL EXPENSES	 <u>103,645</u>	 <u>-</u>	 <u>103,645</u>
 CHANGE IN NET ASSETS	 (36,281)	 -	 (36,281)
 NET ASSETS AT BEGINNING OF YEAR	 <u>74,093</u>	 <u>-</u>	 <u>74,093</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 37,812</u>	 <u>\$ -</u>	 <u>\$ 37,812</u>

See accompanying notes to financial statements.

**FUTURE GENERATIONS, INC. (FUTURE.ORG)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	<u>Global Network</u>	<u>International</u>	<u>Management and General</u>	
		<u>Country Partners</u>		
Contracts and grants	\$ 27,103	\$ 50,000	\$ -	\$ 77,103
International associates	12,648	-	-	12,648
Professional fees	-	-	8,167	8,167
Other	-	-	2,500	2,500
Insurance	-	-	2,273	2,273
Taxes and fees	954	-	-	954
	<u>\$ 40,705</u>	<u>\$ 50,000</u>	<u>\$ 12,940</u>	<u>\$ 103,645</u>