

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

COMBINED FINANCIAL STATEMENTS

June 30, 2021

**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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	22

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, 2021, 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, 2021, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of the Future Generation University Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Future Generation University Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Future Generation University Corporation's internal control over financial reporting and compliance.

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 9, 2021

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2021**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 564,849
Accounts receivable	8,738
Grant funds receivable	73,736
Prepaid expenses	45,396
Employee advances	<u>923</u>

TOTAL CURRENT ASSETS 693,642

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation 1,465,828

INVESTMENTS 10,862,351

FUNDS HELD FOR OTHER ENTITY 231,303

TOTAL ASSETS \$ 13,253,124

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 14,735
SBA Paycheck Protection Program loan	221,875
Accounts payable	135,864
Accrued wages	26,363
Deferred revenue	<u>1,000</u>

TOTAL CURRENT LIABILITIES 399,837

LONG-TERM DEBT, net of current portion 436,065

FUNDS HELD FOR OTHER ENTITY 231,337

TOTAL LIABILITIES 1,067,239

NET ASSETS

Without donor restrictions	275,597
With donor restrictions	<u>11,910,288</u>

TOTAL NET ASSETS 12,185,885

TOTAL LIABILITIES AND NET ASSETS \$ 13,253,124

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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,956,649	\$ 85,200	\$ 2,041,849
PPP loan forgiveness	268,200	-	268,200
Tuition revenue, net of discounts	187,801	-	187,801
Investment income	11,576	435,738	447,314
Unrealized loss on investments	(1,917,525)	(423,028)	(2,340,553)
Other revenue	24,094	-	24,094
Net assets released from restrictions	<u>359,469</u>	<u>(359,469)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>890,264</u>	<u>(261,559)</u>	<u>628,705</u>
PROGRAM SERVICES			
Graduate program	1,325,302	-	1,325,302
International country partners	128,230	-	128,230
Global network	2,584	-	2,584
	<u>1,456,116</u>	<u>-</u>	<u>1,456,116</u>
SUPPORTING SERVICES			
Management and general	516,804	-	516,804
Fundraising	439,960	-	439,960
	<u>956,764</u>	<u>-</u>	<u>956,764</u>
TOTAL EXPENSES	<u>2,412,880</u>	<u>-</u>	<u>2,412,880</u>
CHANGE IN NET ASSETS	(1,522,616)	(261,559)	(1,784,175)
NET ASSETS AT BEGINNING OF YEAR	<u>1,798,213</u>	<u>12,171,847</u>	<u>13,970,060</u>
NET ASSETS AT END OF YEAR	<u>\$ 275,597</u>	<u>\$ 11,910,288</u>	<u>\$ 12,185,885</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, 2021**

	Program Services			Supporting Services		Total
	Graduate Program	Global Network	International Country Partners	Management and General	Fundraising	
Wages, payroll taxes and benefits	\$ 545,391	\$ -	\$ -	\$ 302,199	\$ 287,527	\$ 1,135,117
Supplies	293,105	-	-	23,548	64,570	381,223
Professional fees	178,072	-	-	26,884	21,566	226,522
Contracts and grants	66,185	2,534	124,880	-	-	193,599
Scholarships	141,192	-	-	-	-	141,192
International associates	42,490	-	-	-	63,287	105,777
Depreciation	21,219	-	-	71,306	-	92,525
Other	22,899	-	3,082	54,266	82	80,329
Travel, meetings and conferences	12,198	-	-	1,545	2,524	16,267
Interest expense	-	-	-	16,983	-	16,983
Taxes and fees	2,405	50	268	9,404	404	12,531
Repairs and maintenance	146	-	-	10,669	-	10,815
	<u>\$ 1,325,302</u>	<u>\$ 2,584</u>	<u>\$ 128,230</u>	<u>\$ 516,804</u>	<u>\$ 439,960</u>	<u>\$ 2,412,880</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, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contracts and grants	\$ 1,998,089
Cash received from investment income	296,526
Cash received from students	44,075
Other cash received	24,094
Cash paid to employees	(949,888)
Cash paid for payroll taxes and benefits	(198,674)
Cash paid to suppliers	(947,880)
Cash paid for interest	<u>(16,983)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>249,359</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(41,749)
Proceeds from sale of investments	9,095,152
Purchase of investments	<u>(9,990,487)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(937,084)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from short-term debt	221,875
Repayment of long-term debt	<u>(13,887)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 <u>207,988</u>
 NET DECREASE IN CASH	 (479,737)
 CASH AT BEGINNING OF YEAR	 <u>1,044,586</u>
 CASH AT END OF YEAR	 <u>\$ 564,849</u>
 NON-CASH FINANCING ACTIVITY:	
Forgiveness of PPP loan	<u>\$ 268,200</u>

See accompanying notes to financial statements.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2021**

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, 2021**

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 9, 2021, 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, 2021**

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		\$	423,366
Buildings			1,474,332
Furniture and equipment			<u>168,502</u>
			2,066,200
Accumulated depreciation			<u>(600,372)</u>
		\$	<u>1,465,828</u>

NOTE B – IMPACT OF COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The health and well-being of our students and employees is our greatest concern. We implemented and are following recommendations from the Centers for Disease Control and Prevention, and the West Virginia Department of Health and Human Services to minimize risk to Future Generations' students and staff. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2021**

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2021, 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	\$ 564,849
Accounts receivable	8,738
Grant funds receivable	73,736
Unrestricted investments	976,210
Estimated amount to be appropriated from endowments	<u>473,000</u>
	<u>2,096,533</u>
Less those unavailable for general expenditure within one year:	
Donor-restricted assets	<u>(96,939)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,999,594</u>

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, 2021.

NOTE E – PAYCHECK PROTECTION PROGRAM LOANS AND LOAN FORGIVENESS

In May of 2020, the Organization received loan proceeds in the amount of \$268,200 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization’s average monthly payroll expenses. PPP loans and accrued interest are forgivable if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, employee benefits, rent, and utilities. As of June 30, 2020, the Organization recorded a note payable equal to the amount of loan proceeds.

On November 24, 2020, the Organization was notified that the U.S. Small Business Administration approved its loan forgiveness application, and the Organization was legally released from the loan obligation. Loan forgiveness income has been recorded in the amount of \$268,200.

On January 27, 2021, the Organization applied for and was approved for a second PPP loan in the amount of \$221,876. The loan accrues interest at 1% with payment terms the same as the first PPP loan and the Organization intends to apply for loan forgiveness under the terms of the Program. As of June 30, 2021, the Organization recorded a note payable equal to the amount of the loan proceeds.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2021**

NOTE F – 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 common stock of deposit that is an asset of the endowment funds.	\$ 356,630
Promissory note to Pendleton Community Bank with interest at 3.65%, due \$525 monthly, including interest, until September 2042. Secured by common stock deposit that is an asset of the endowment funds.	94,170
	450,800
Less current portion of long-term debt	(14,735)
	\$ 436,065

Maturities of long-term debt are as follows:

Year Ended June 30,	
2022	\$ 14,735
2023	15,281
2024	15,849
2025	16,437
2026	17,047
Thereafter	371,451
	\$ 450,800

NOTE G – 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, 2021**

NOTE H – 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, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 754,253	\$ 754,253
U.S. equities	8,360,373	6,414,018
Mutual funds	3,324,219	3,392,080
Other	592,917	302,000
	<u>\$ 13,031,762</u>	<u>\$ 10,862,351</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	\$ 11,576	\$ 341,402	\$ 352,978
Investment management fees	-	(56,452)	(56,452)
Net realized gain	-	150,788	150,788
Net unrealized loss	<u>(1,917,525)</u>	<u>(423,028)</u>	<u>(2,340,553)</u>
	<u>\$ (1,905,949)</u>	<u>\$ 12,710</u>	<u>\$ (1,893,239)</u>

NOTE I – 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, 2021**

NOTE I – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2021 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	\$ 754,253	\$ -	\$ 754,253	\$ -
U.S. equities	6,414,018	6,414,018	-	-
Mutual funds	3,392,080	3,392,080	-	-
Real estate	302,000	-	302,000	-
	<u>\$ 10,862,351</u>	<u>\$ 9,806,098</u>	<u>\$ 1,056,253</u>	<u>\$ -</u>

NOTE J – 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, 2021**

NOTE J – 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, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ -	\$ 12,156,781	\$ 12,156,781
Investment income		435,738	435,738
Net depreciation	(1,927,209)	(423,028)	(2,350,237)
Amounts appropriated for expenditure	-	(356,142)	(356,142)
End of year	<u>\$ (1,927,209)</u>	<u>\$ 11,813,349</u>	<u>\$ 9,886,140</u>

Included in net depreciation is unrealized losses that occurred during the year ended June 30, 2021, causing the fair value of the endowment to be less than the original gift amount. Such losses have been reclassified to net assets without donor restrictions.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2021**

NOTE K – 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	\$ 52,393
Eppley Foundation	24,432
Scholarship fund	13,110
Cornerstone Ministries	6,600
Southern Syrup Symposium Sponsorship	404
Graduate school	<u>\$ 96,939</u>

Endowment Funds:

Scholarships:

Tibet Ethnicity	\$ 801,178
Chun-Wuei	3,020,153
Tibetan scholarship endowment	895,120

Professorships:

Carl Taylor Equity and Empowerment - Health	1,690,203
Robert Fleming Equity and Empowerment - Natural History	1,677,984
Yeti Equity and Empowerment - Social Change	1,787,711
Alumni network endowment	<u>1,941,000</u>
	<u>11,813,349</u>

\$ 11,910,288

NOTE L – CONCENTRATION OF CONTRIBUTIONS

For the year ended June 30, 2021, the Organization received approximately 59% of its contributions and grants from three donors.

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 507,312
Accounts receivable	8,738
Grants receivable	73,736
Prepaid expenses	45,396
Employee advances	<u>923</u>

TOTAL CURRENT ASSETS 636,105

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation	1,465,828
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INVESTMENTS

10,862,351

TOTAL ASSETS

\$ 12,964,284

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 14,735
SBA Paycheck Protection Program loan	221,875
Accounts payable	123,404
Accrued wages	26,363
Deferred revenue	<u>1,000</u>

TOTAL CURRENT LIABILITIES 387,377

LONG-TERM DEBT, net of current portion

436,065

823,442

NET ASSETS

Without donor restrictions	230,554
With donor restrictions	<u>11,910,288</u>

TOTAL NET ASSETS

12,140,842

TOTAL LIABILITIES AND NET ASSETS

\$ 12,964,284

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,819,824	\$ 85,200	\$ 1,905,024
PPP loan forgiveness	268,200	-	268,200
Tuition revenue, net of discounts	187,801	-	187,801
Investment income	11,576	435,738	447,314
Unrealized loss on investments	(1,917,525)	(423,028)	(2,340,553)
Other revenue	24,084	-	24,084
Net assets released from restrictions	<u>359,469</u>	<u>(359,469)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>753,429</u>	<u>(261,559)</u>	<u>491,870</u>
PROGRAM SERVICES			
Graduate program	<u>1,325,302</u>	<u>-</u>	<u>1,325,302</u>
SUPPORTING SERVICES			
Management and general	513,724	-	513,724
Fundraising	<u>439,960</u>	<u>-</u>	<u>439,960</u>
	<u>953,684</u>	<u>-</u>	<u>953,684</u>
TOTAL EXPENSES	<u>2,278,986</u>	<u>-</u>	<u>2,278,986</u>
CHANGE IN NET ASSETS	(1,525,557)	(261,559)	(1,787,116)
NET ASSETS AT BEGINNING OF YEAR	<u>1,756,111</u>	<u>12,171,847</u>	<u>13,927,958</u>
NET ASSETS AT END OF YEAR	<u>\$ 230,554</u>	<u>\$ 11,910,288</u>	<u>\$ 12,140,842</u>

See accompanying notes to financial statements.

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Graduate Program	Supporting Services		Total
		Management and General	Fundraising	
Wages, payroll taxes and benefits	\$ 545,391	\$ 302,199	\$ 287,527	\$ 1,135,117
Supplies	293,105	23,548	64,570	381,223
Professional fees	178,072	26,134	21,566	225,772
Scholarships	141,192	-	-	141,192
International associates	42,490	-	63,287	105,777
Depreciation	21,219	71,306	-	92,525
Other	22,899	51,936	82	74,917
Grants	66,185	-	-	66,185
Travel, meetings and conferences	12,198	1,545	2,524	16,267
Interest expense	-	16,983	-	16,983
Taxes and fees	2,405	9,404	404	12,213
Repairs and maintenance	146	10,669	-	10,815
Total Expenses	\$ 1,325,302	\$ 513,724	\$ 439,960	\$ 2,278,986

See accompanying notes to financial statements.

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents \$ 57,538

FUNDS HELD FOR OTHER ENTITY 231,303

TOTAL ASSETS \$ 288,841

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable \$ 12,460

TOTAL CURRENT LIABILITIES 12,460

FUNDS HELD FOR OTHER ENTITY 231,337

TOTAL LIABILITIES 243,797

NET ASSETS

Without donor restrictions 45,044

TOTAL NET ASSETS 45,044

TOTAL LIABILITIES AND NET ASSETS \$ 288,841

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 136,825	\$ -	\$ 136,825
Other revenue	<u>10</u>	<u>-</u>	<u>10</u>
 TOTAL SUPPORT AND REVENUE	 <u>136,835</u>	 <u>-</u>	 <u>136,835</u>
 PROGRAM SERVICES			
Global Network	2,584		2,584
International country partners	<u>128,230</u>	<u>-</u>	<u>128,230</u>
	<u>130,814</u>	<u>-</u>	<u>130,814</u>
 SUPPORTING SERVICES			
Management and general	<u>3,080</u>	<u>-</u>	<u>3,080</u>
 TOTAL EXPENSES	 <u>133,894</u>	 <u>-</u>	 <u>133,894</u>
 CHANGE IN NET ASSETS	 2,941	 -	 2,941
 NET ASSETS AT BEGINNING OF YEAR	 <u>42,103</u>	 <u>-</u>	 <u>42,103</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 45,044</u>	 <u>\$ -</u>	 <u>\$ 45,044</u>

See accompanying notes to financial statements.

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services		Supporting Services	
	Global Network	International	Management and General	Total
		Country Partners		
Contracts and grants	\$ 2,534	\$ 124,880	\$ -	\$ 127,414
Other	-	3,082	-	3,082
Insurance	-	-	2,330	2,330
Professional fees	-	-	750	750
Taxes and fees	50	268	-	318
	\$ 2,584	\$ 128,230	\$ 3,080	\$ 133,894

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Future Generations University Corporation
Franklin, West Virginia

We have audited, in accordance with the 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, the financial statements of Future Generations University Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Future Generations University Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Future Generations University Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Future Generations University Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Future Generations University Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beachy Archant PLLC

Harrisonburg, Virginia
December 9, 2021