

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

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

In our opinion, the 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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Future Generations University Corporation and Future Generations Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Future Generations University Corporation and Future Generations Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Future Generations University Corporation and Future Generations Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Future Generations University Corporation and Future Generations Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, 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.

Becky Arehart, PLLC

Harrisonburg, Virginia
November 22, 2022

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2022**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,772,375
Accounts receivable	19,136
Grant funds receivable	114,900
Prepaid expenses	22,489
Employee advances	<u>14,706</u>

TOTAL CURRENT ASSETS 1,943,606

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation 1,380,588

INVESTMENTS 8,617,773

FUNDS HELD FOR OTHER ENTITY 1,285,583

TOTAL ASSETS \$ 13,227,550

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 15,281
Accounts payable	138,014
Accrued wages	45,044
Deferred revenue	<u>14,625</u>

TOTAL CURRENT LIABILITIES 212,964

LONG-TERM DEBT, net of current portion 421,073

FUNDS HELD FOR OTHER ENTITY 1,289,848

TOTAL LIABILITIES 1,923,885

NET ASSETS

Without donor restrictions	2,426,310
With donor restrictions	<u>8,877,355</u>

TOTAL NET ASSETS 11,303,665

TOTAL LIABILITIES AND NET ASSETS \$ 13,227,550

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,727,736	\$ 1,806,702	\$ 3,534,438
PPP loan forgiveness	221,875	-	221,875
Tuition revenue, net of discounts	160,099	-	160,099
Investment income	13,286	354,137	367,423
Unrealized gain (loss) on investments	-	(2,615,719)	(2,615,719)
Other revenue	33,520	-	33,520
Net assets released from restrictions	<u>650,844</u>	<u>(650,844)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,807,360</u>	<u>(1,105,724)</u>	<u>1,701,636</u>
PROGRAM SERVICES			
Graduate program	1,598,368	-	1,598,368
International country partners	<u>120,543</u>	<u>-</u>	<u>120,543</u>
	<u>1,718,911</u>	<u>-</u>	<u>1,718,911</u>
SUPPORTING SERVICES			
Management and general	517,598	-	517,598
Fundraising	<u>347,347</u>	<u>-</u>	<u>347,347</u>
	<u>864,945</u>	<u>-</u>	<u>864,945</u>
TOTAL EXPENSES	<u>2,583,856</u>	<u>-</u>	<u>2,583,856</u>
CHANGE IN NET ASSETS	223,504	(1,105,724)	(882,220)
NET ASSETS AT BEGINNING OF YEAR	<u>2,202,806</u>	<u>9,983,079</u>	<u>12,185,885</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,426,310</u>	<u>\$ 8,877,355</u>	<u>\$ 11,303,665</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, 2022**

	Program Services		Supporting Services		
	Graduate Program	International	Management and General	Fundraising	Total
		Country Partners			
Wages, payroll taxes and benefits	\$ 758,176	\$ -	\$ 299,263	\$ 278,766	\$ 1,336,205
Supplies	304,162	-	13,307	26,312	343,781
Professional fees	223,072	-	20,918	3,937	247,927
Contracts and grants	27,892	115,939	-	-	143,831
Travel, meetings and conferences	73,059	-	3,884	21,785	98,728
Scholarships	95,585	-	-	-	95,585
Other	23,050	4,083	62,634	4,002	93,769
Depreciation	18,648	-	74,007	-	92,655
International associates	72,113	-	-	12,447	84,560
Repairs and maintenance	-	-	19,100	-	19,100
Interest expense	-	-	16,404	-	16,404
Taxes and fees	2,611	521	8,081	98	11,311
	<u>1,598,368</u>	<u>\$ 120,543</u>	<u>\$ 517,598</u>	<u>\$ 347,347</u>	<u>\$ 2,583,856</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, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contracts and grants	\$ 2,093,274
Cash received from investment income	216,635
Cash received from students	62,780
Other cash received	33,520
Cash paid to employees	(1,058,921)
Cash paid for payroll taxes and benefits	(258,603)
Cash paid to suppliers	(1,022,541)
Cash paid for interest	<u>(16,404)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>49,740</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(7,415)
Proceeds from sale of investments	5,289,288
Purchase of investments	<u>(5,509,641)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(227,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for investment in permanent endowment	1,400,000
Repayment of long-term debt	<u>(14,446)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 <u>1,385,554</u>
 NET INCREASE IN CASH	 1,207,526
CASH AT BEGINNING OF YEAR	<u>564,849</u>
 CASH AT END OF YEAR	 <u>\$ 1,772,375</u>
NON-CASH FINANCING ACTIVITY:	
Forgiveness of PPP loan	<u>\$ 221,875</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, 2022**

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) &
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NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022**

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 November 22, 2022, 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, 2022**

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		\$	425,944
Buildings			1,477,953
Furniture and equipment			<u>169,719</u>
			2,073,616
Accumulated depreciation			<u>(693,028)</u>
		\$	<u>1,380,588</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, 2022**

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2022, 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	\$ 1,772,375
Accounts receivable	19,136
Grant funds receivable	114,900
Estimated amount to be appropriated from endowments	<u>529,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,435,411</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, 2022.

NOTE E – PAYCHECK PROTECTION PROGRAM LOANS AND LOAN FORGIVENESS

On January 27, 2021, the Organization received loan proceeds in the amount of \$221,875 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, 2021, the Organization recorded a note payable equal to the amount of loan proceeds.

On December 14, 2021, 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 \$221,875.

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
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NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022**

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.	\$ 345,042
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.	91,312
	436,354
Less current portion of long-term debt	(15,281)
	\$ 421,073

Maturities of long-term debt are as follows:

Year Ended June 30,	
2023	\$ 15,281
2024	15,849
2025	16,437
2026	17,047
2027	17,679
Thereafter	354,061
	\$ 436,354

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) &
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NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022**

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, 2022 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 2,306,093	\$ 2,306,093
U.S. equities	7,062,670	2,954,780
Mutual funds	2,362,838	2,066,131
Corporate bonds	1,053,038	988,769
Other	592,917	302,000
	<u>\$ 13,377,556</u>	<u>\$ 8,617,773</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$13,286	\$278,078	\$ 291,364
Investment management fees	-	(43,054)	(43,054)
Net realized gain	-	119,113	119,113
Net unrealized gain (loss)	-	(2,615,719)	(2,615,719)
	<u>\$ 13,286</u>	<u>\$ (2,261,582)</u>	<u>\$ (2,248,296)</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) &
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NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022**

NOTE I – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2022 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	\$ 2,306,093	\$ -	\$ 2,306,093	\$ -
Corporate debt securities	988,769	988,769	-	-
U.S. equities	2,954,780	2,954,780	-	-
Mutual funds	2,066,131	2,066,131	-	-
Real estate	302,000	-	302,000	-
	<u>\$ 8,617,773</u>	<u>\$ 6,009,680</u>	<u>\$ 2,608,093</u>	<u>\$ -</u>

NOTE J – ENDOWMENT FUNDS

All endowment funds are held by Future.Edu. The endowment consists of eight 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) &
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 NOTES TO COMBINED FINANCIAL STATEMENTS
 June 30, 2022**

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. The Organization has a policy that permits spending from underwater endowment funds.

From time to time, endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with original gift values of \$13,213,349, fair values of \$8,404,145, and deficiencies of \$4,809,204 were reported in net assets with donor restrictions.

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

Beginning of year	\$ 9,886,140
Contributions	1,400,000
Investment income	354,137
Net appreciation (depreciation)	(2,591,288)
Amounts appropriated for expenditure	<u>(644,844)</u>
End of year	<u>\$ 8,404,145</u>

**FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU) &
FUTURE GENERATIONS, INC. (FUTURE.ORG)
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022**

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	\$	132,405
Field-Based Learning		214,608
Scholarship funds		119,746
Other		6,451
Graduate school	\$	<u>473,210</u>

Endowment Funds:

Scholarships:

Tibet Ethnicity	\$	475,598
Chun-Wuei		1,784,291
Tibetan scholarship endowment		531,366

Professorships:

Carl Taylor Equity and Empowerment - Health		1,003,346
Robert Fleming Equity and Empowerment - Natural History		996,092
Yeti Equity and Empowerment - Social Change		1,061,228
Alumni network endowment		1,152,224
Leadership endowment		<u>1,400,000</u>
		<u>8,404,145</u>
	\$	<u>8,877,355</u>

NOTE L – CONCENTRATION OF CONTRIBUTIONS

For the year ended June 30, 2022, the Organization received approximately 69% of its contributions and grants from three donors.

NOTE M – ERROR CORRECTION

Beginning net assets has been restated to correct an error in the classification of unrealized losses on endowment assets. This correction resulted in the following restatement of beginning net assets as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Balance, June 30, 2021 as previously stated	\$ 275,597	\$ 11,910,288	\$ 12,185,885
Reclassification	<u>1,927,209</u>	<u>1,927,209</u>	<u>3,854,418</u>
Balance, June 30, 2021 as restated	<u>\$ 2,202,806</u>	<u>\$ 13,837,497</u>	<u>\$ 16,040,303</u>

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,670,983
Accounts receivable	19,136
Grants receivable	114,900
Prepaid expenses	22,489
Employee advances	<u>14,706</u>

TOTAL CURRENT ASSETS 1,842,214

PROPERTY AND EQUIPMENT

At cost, less accumulated depreciation	1,380,588
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INVESTMENTS

8,617,773

TOTAL ASSETS

\$ 11,840,575

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ 15,281
Accounts payable	122,730
Accrued wages	45,044
Deferred revenue	<u>14,625</u>

TOTAL CURRENT LIABILITIES 197,680

LONG-TERM DEBT, net of current portion

421,073

618,753

NET ASSETS

Without donor restrictions	2,344,467
With donor restrictions	<u>8,877,355</u>

TOTAL NET ASSETS 11,221,822

TOTAL LIABILITIES AND NET ASSETS

\$ 11,840,575

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,564,926	\$ 1,806,702	\$ 3,371,628
PPP loan forgiveness	221,875	-	221,875
Tuition revenue, net of discounts	160,099	-	160,099
Investment income	13,286	354,137	367,423
Unrealized loss on investments	-	(2,615,719)	(2,615,719)
Other revenue	33,520	-	33,520
Net assets released from restrictions	<u>650,844</u>	<u>(650,844)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,644,550</u>	<u>(1,105,724)</u>	<u>1,538,826</u>
PROGRAM SERVICES			
Graduate program	<u>1,598,368</u>	<u>-</u>	<u>1,598,368</u>
SUPPORTING SERVICES			
Management and general	512,131	-	512,131
Fundraising	<u>347,347</u>	<u>-</u>	<u>347,347</u>
	<u>859,478</u>	<u>-</u>	<u>859,478</u>
TOTAL EXPENSES	<u>2,457,846</u>	<u>-</u>	<u>2,457,846</u>
CHANGE IN NET ASSETS	186,704	(1,105,724)	(919,020)
NET ASSETS AT BEGINNING OF YEAR	<u>2,157,763</u>	<u>9,983,079</u>	<u>12,140,842</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,344,467</u>	<u>\$ 8,877,355</u>	<u>\$ 11,221,822</u>

See accompanying notes to financial statements.

FUTURE GENERATIONS UNIVERSITY CORPORATION (FUTURE.EDU)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Graduate Program	Supporting Services		Total
		Management and General	Fundraising	
Wages, payroll taxes and benefits	\$ 758,176	\$ 299,263	\$ 278,766	\$ 1,336,205
Supplies	304,162	13,220	26,312	343,694
Professional fees	223,072	20,168	3,937	247,177
Travel, meetings and conferences	73,059	3,884	21,785	98,728
Scholarships	95,585	-	-	95,585
Depreciation	18,648	74,007	-	92,655
Other	23,050	58,323	4,002	85,375
International associates	72,113	-	12,447	84,560
Grants	27,892	-	-	27,892
Repairs and maintenance	-	19,100	-	19,100
Interest expense	-	16,404	-	16,404
Taxes and fees	2,611	7,762	98	10,471
Total Expenses	\$ 1,598,368	\$ 512,131	\$ 347,347	\$ 2,457,846

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents \$ 101,393

FUNDS HELD FOR OTHER ENTITY 1,285,583

TOTAL ASSETS \$ 1,386,976

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable 15,284

TOTAL CURRENT LIABILITIES 15,284

FUNDS HELD FOR OTHER ENTITY 1,289,848

TOTAL LIABILITIES 1,305,132

NET ASSETS

Without donor restrictions 81,844

TOTAL NET ASSETS 81,844

TOTAL LIABILITIES AND NET ASSETS \$ 1,386,976

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 162,810	\$ -	\$ 162,810
TOTAL SUPPORT AND REVENUE	<u>162,810</u>	<u>-</u>	<u>162,810</u>
PROGRAM SERVICES			
International country partners	120,543	-	120,543
	<u>120,543</u>	<u>-</u>	<u>120,543</u>
SUPPORTING SERVICES			
Management and general	5,467	-	5,467
	<u>5,467</u>	<u>-</u>	<u>5,467</u>
TOTAL EXPENSES	<u>126,010</u>	<u>-</u>	<u>126,010</u>
CHANGE IN NET ASSETS	36,800	-	36,800
NET ASSETS AT BEGINNING OF YEAR	<u>45,044</u>	<u>-</u>	<u>45,044</u>
NET ASSETS AT END OF YEAR	<u>\$ 81,844</u>	<u>\$ -</u>	<u>\$ 81,844</u>

See accompanying notes to financial statements.

FUTURE GENERATIONS, INC. (FUTURE.ORG)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services	Supporting Services	
	International Country Partners	Management and General	Total
Contracts and grants	\$ 115,939	\$ -	\$ 115,939
Insurance	-	4,311	4,311
Other	4,083		4,083
Taxes and fees	521	319	840
Professional fees	-	750	750
Technology and communications	-	87	87
	<u>\$ 120,543</u>	<u>\$ 5,467</u>	<u>\$ 126,010</u>

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, 2022, 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 November 22, 2022.

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
November 22, 2022