

FUTURE LEADERS IN ACTION, INC.

Financial Statements  
March 31, 2019 and 2018



**MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC**

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

Future Leaders in Action, Inc.

**Report on the Financial Statements**

We have reviewed the accompanying financial statements of Future Leaders in Action, Inc. (a Not-for Profit organization) which are comprised of the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 the financial statements that are free from material misstatement whether due to fraud or error.

**Accountants' Responsibility**

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

**Accountants' Conclusion**

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

*Malesardi, Quackenbush, Swift & Company LLC*

Englewood, New Jersey  
July 18, 2019

FUTURE LEADERS IN ACTION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2019 and 2018

(See independent accountants' review report)

ASSETS

	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash and equivalents	\$ 134,388	\$ 105,989
Property and equipment, net	1,435	813
Total Assets	<u>\$ 135,823</u>	<u>\$ 106,802</u>

NET ASSETS

NET ASSETS:		
Without donor restrictions	\$ 132,441	\$ 92,957
With donor restrictions	<u>3,382</u>	<u>13,845</u>
Total Net Assets	<u>\$ 135,823</u>	<u>\$ 106,802</u>

The accompanying notes are an integral  
part of these financial statements.

FUTURE LEADERS IN ACTION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2019 and 2018  
(See independent accountants' review report)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>SUPPORT:</b>				
Contributions	\$ 307,663	\$ -	\$ 247,593	\$ 12,291
		\$ 307,663		\$ 259,884
<b>EXPENSES:</b>				
Program services	218,049	-	178,732	-
Management and general	51,088	-	59,974	-
Fundraising	8,721	-	14,224	-
		8,721		14,224
Total Expenses	277,858	-	252,930	-
		277,858		252,930
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	29,805	-	(5,337)	12,291
		29,805		6,954
<b>NON-OPERATING ACTIVITIES:</b>				
Loss on disposal of fixed asset	(784)	-	-	-
Net assets released from restrictions	10,463	(10,463)	5,920	(5,920)
		-		-
Total Non-Operating Activities	9,679	(10,463)	5,920	(5,920)
		(784)		-
<b>CHANGE IN NET ASSETS</b>	39,484	(10,463)	583	6,371
		29,021		6,954
<b>NET ASSETS, Beginning of Year</b>	92,957	13,845	92,374	7,474
		106,802		99,848
<b>NET ASSETS, End of Year</b>	\$ 132,441	\$ 3,382	\$ 92,957	\$ 13,845
		\$ 135,823		\$ 106,802

The accompanying notes are an integral part of these financial statements.

FUTURE LEADERS IN ACTION, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended March 31, 2019 and 2018  
(See independent accountants' review report)

	2019			2018				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 160,059	\$ 22,657	\$ 2,952	\$ 185,668	\$ 126,590	\$ 32,773	\$ 3,045	\$ 162,408
Payroll taxes	13,838	1,959	255	16,052	10,907	2,824	262	13,993
Health insurance	3,054	1,410	235	4,699	3,217	1,485	248	4,950
Professional fees	3,345	10,571	1,403	15,319	3,690	10,513	2,695	16,898
Office expenses	974	4,007	3,856	8,837	581	3,000	6,318	9,899
Rent	1,523	6,071	-	7,594	500	5,685	-	6,185
Travel and entertainment	21,522	677	20	22,219	18,504	91	974	19,569
Depreciation	-	388	-	388	-	348	-	348
Insurance	-	3,348	-	3,348	-	3,255	-	3,255
Supplies	13,734	-	-	13,734	14,743	-	682	15,425
<b>Total</b>	<b>\$ 218,049</b>	<b>\$ 51,088</b>	<b>\$ 8,721</b>	<b>\$ 277,858</b>	<b>\$ 178,732</b>	<b>\$ 59,974</b>	<b>\$ 14,224</b>	<b>\$ 252,930</b>

The accompanying notes are an integral part of these financial statements.

FUTURE LEADERS IN ACTION, INC.

STATEMENTS OF CASH FLOWS  
For the Years Ended March 31, 2019 and 2018  
(See independent accountants' review report)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 29,021	\$ 6,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	388	348
Loss on disposal of fixed asset	784	-
Change in accounts receivable	-	1,587
Change in prepaid expenses	-	600
Change in accounts payable	-	(776)
	<u>30,193</u>	<u>8,713</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(1,794)</u>	<u>-</u>
NET CHANGE IN CASH AND EQUIVALENTS	28,399	8,713
CASH AND EQUIVALENTS, Beginning of Year	<u>105,989</u>	<u>97,276</u>
CASH AND EQUIVALENTS, End of Year	<u>\$ 134,388</u>	<u>\$ 105,989</u>

The accompanying notes are an integral part of these financial statements.

FUTURE LEADERS IN ACTION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019 and 2018

(See independent accountants' review report)

NOTE 1 - NATURE OF ACTIVITIES:

Future Leaders in Action, Inc. ("FLIA") is a Not-for-Profit corporation whose focus is to cultivate leaders, strengthen nonprofits, and support youth. Their mission is to place fellows in youth-orientated nonprofit organizations to implement enrichment programs which cultivate their leadership skills. FLIA's support comes from donor contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of FLIA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence of or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets - Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets - With Donor Restrictions*

Net assets with donor restrictions represent those amounts which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

In the absence of donor restriction, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

FLIA records donor restricted contributions whose restrictions are met in the same reporting period as support without donor restriction.

Cash and Equivalents

For purposes of the statements of cash flows, FLIA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.



FUTURE LEADERS IN ACTION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2019 and 2018

(See independent accountants' review report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property and Equipment

Property and equipment are stated at cost or fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Major additions and improvements are capitalized, and routine expenditures for repairs and maintenance are charged to expense as incurred.

Advertising

FLIA expenses advertising costs as they are incurred.

Income Taxes

FLIA is a Not-for-Profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax. FLIA is further classified as a private operating foundation under Internal Revenue Code Section 4942(j)(3) and is qualified to receive deductible contributions as provided in Section 170.

FLIA is subject to federal excise tax imposed on private foundations at either 2%, or at 1% if certain conditions are met. The excise tax is imposed on net investment income, as defined by federal regulations.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Open Tax Years

FLIA's Forms 990-PF, *Return of Private Foundation*, for the years ending March 31, 2016, 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs or management and general depending on the reason the expenses were incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support of FLIA's mission.

FUTURE LEADERS IN ACTION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2019 and 2018

(See independent accountants' review report)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

New Accounting Pronouncement

During the period ended March 31, 2019, FLIA implemented the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 ("ASU 2016-14"). ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. The accompanying information from the March 31, 2018 financial statements have been restated to conform to the presentation and disclosure requirements of ASU 2016-14.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 1,794	\$ 1,741
Less: accumulated depreciation	<u>359</u>	<u>928</u>
Net Property and Equipment	<u>\$ 1,435</u>	<u>\$ 813</u>

Depreciation expense for the years ended March 31, 2019 and 2018 was \$388 and \$348, respectively.

FUTURE LEADERS IN ACTION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2019 and 2018

(See independent accountants' review report)

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose or period:		
Boys and Girls Clubs of Central Iowa Program	\$ <u>3,382</u>	\$ <u>13,845</u>

Net assets released from donor restrictions, by incurring expenses satisfying the restricted purposes are as follows:

	<u>2019</u>	<u>2018</u>
Fellowship Program - General	\$ -	\$ 5,920
Boys and Girls Clubs of Central Iowa Program	<u>10,463</u>	<u>-</u>
Total	<u>\$ 10,463</u>	<u>\$ 5,920</u>

The purpose of the above donor restricted amount is as follows:

The Boys and Girls Clubs of Central Iowa Program

The restricted funds fund the placing of a fellow with the Boys and Girls Clubs of Central Iowa to work on a project. During the summer of 2018, the fellow worked on developing and implementing a summer sports clinic. This included creating a template and system to follow for future sports clinics.

NOTE 5 - CONCENTRATION OF CREDIT RISK:

FLIA maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed federally insured limits.

NOTE 6 - CONCENTRATION OF SUPPORT:

For the years ended March 31, 2019 and 2018, support from one major contributor accounted for approximately 69% and 77%, respectively, of FLIA's total support.

FUTURE LEADERS IN ACTION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2019 and 2018

(See independent accountants' review report)

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects FLIA's financial assets as of March 31, 2019 and 2018 that could readily be made available within one year of the statements of financial position to fund expenses without limitations:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ <u>134,388</u>	\$ <u>105,989</u>
Total financial assets at year-end	<u>134,388</u>	<u>105,989</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donors with time or purpose restrictions	<u>(3,382)</u>	<u>(13,845)</u>
Total financial assets available to management for general expenditure within one year	\$ <u>131,006</u>	\$ <u>92,144</u>

Liquidity Management

FLIA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8 - RECLASSIFICATION OF NET ASSETS:

The changes after adoption of ASU 2016-14 have the following effect on net assets at March 31, 2018:

	<u>As Originally Presented</u>	<u>After Adoption of ASU</u>
Net Assets:		
Unrestricted net assets	\$ 92,957	\$ -
Temporarily restricted net assets	13,845	-
Net assets without donor restrictions	-	92,957
Net assets with donor restrictions	<u>-</u>	<u>13,845</u>
Total Net Assets	\$ <u>106,802</u>	\$ <u>106,802</u>

NOTE 9 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 18, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date and through the date the financial statements were available to be issued that would require adjustment to the accompanying financial statements.