

America's Future Foundation

Financial Statements
and Independent Auditors' Report

Six Months Ended December 31, 2015

America's Future Foundation

Financial Statements
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
America's Future Foundation

We have audited the accompanying financial statements of America's Future Foundation ("the Organization"), which comprise the statement of financial position as of December 31, 2015, the related statement of activities and cash flows for the six months then ended, and the related notes to the 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 controls 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 10 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font. The word "Rogers" is written in a larger, more prominent script, followed by a plus sign and the words "Company PLLC".

Vienna, Virginia
June 22, 2016

America's Future Foundation

Statement of Financial Position December 31, 2015

Assets	
Cash	\$ 532,888
Prepaid expenses	5,349
Intangible assets, net	3,205
Property and equipment, net	<u>1,256</u>
Total assets	<u><u>\$ 542,698</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 10,538</u>
Total liabilities	<u>10,538</u>
Net Assets	
Unrestricted	<u>532,160</u>
Total net assets	<u>532,160</u>
Total liabilities and net assets	<u><u>\$ 542,698</u></u>

America's Future Foundation

Statement of Activities For the Six Month Period Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 564,411	\$ -	\$ 564,411
Program fees	36,617	-	36,617
Interest	104	-	104
Released from restrictions	45,000	(45,000)	-
	646,132	(45,000)	601,132
Expenses			
Program services	211,721	-	211,721
Supporting services:			
Management and general	44,669	-	44,669
Fundraising	69,572	-	69,572
	114,241	-	114,241
Total expenses	325,962	-	325,962
Change in Net Assets	320,170	(45,000)	275,170
Net Assets, beginning of period	211,990	45,000	256,990
Net Assets, end of period	\$ 532,160	\$ -	\$ 532,160

See accompanying notes.

America's Future Foundation

Statement of Cash Flows For the Six Month Period Ended December 31, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 275,170
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,611
Change in operating assets and liabilities:	
Increase in:	
Prepaid expenses	(3,075)
Decrease in:	
Accounts payable and accrued expenses	<u>(14,293)</u>
Net cash provided by operating activities	<u>259,413</u>
Cash Flows from Investing Activity	
Purchases of property and equipment	<u>(1,298)</u>
Net cash used in investing activity	<u>(1,298)</u>
Net Increase in Cash	258,115
Cash, beginning of period	<u>274,773</u>
Cash, end of period	<u><u>\$ 532,888</u></u>

America's Future Foundation

Notes to Financial Statements
December 31, 2015

1. Nature of Operations

America's Future Foundation ("the Organization") was incorporated in 1995 in Washington D.C. and is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). The Organization's mission is to identify and develop young professionals to become effective, lifelong advocates for freedom. Through the Organization's programs, members develop their writing, networking, and leadership capabilities and become policy analysts, think tank leaders, writers, journalists, strategists, entrepreneurs, and elected officials.

During 2015, the Organization changed from a fiscal year-end of June 30 to a December 31 year-end. The accompanying financial statements cover the six month period ended December 31, 2015.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or by the passage of time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Intangible Assets

Intangible assets consist of costs related to the design and development of the Organization's website, net of accumulated amortization. Amortization begins when the website is available for use as intended by management.

America's Future Foundation

Notes to Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Amortization is computed over an estimated useful life of three years. Costs associated with maintaining the website are expensed as incurred.

Property and Equipment

Property and equipment purchased at a cost of \$500 or more are capitalized and recorded at cost, or in the case of donated property, estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as unrestricted.

Membership dues revenue is recognized ratably over the applicable dues period. Event and seminar fees are recognized at the time of the event or seminar.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

Donations of equipment are recorded as support at their estimated fair value on the date of the gift. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or has stipulated how long those donated assets must be maintained. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as increases in unrestricted net assets if the restriction expires or an asset is acquired in the reporting period in which the support is recognized.

America's Future Foundation

Notes to Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

Donated noncash assets are recorded at their fair value in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2016, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. The Organization maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). The Organization has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Intangible Assets

Intangible assets consist of the following at December 31, 2015:

Website	\$	8,875
Less: accumulated amortization		<u>(5,670)</u>
Intangible assets, net	\$	<u><u>3,205</u></u>

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Notes to Financial Statements
December 31, 2015

5. Property and Equipment

Property and equipment consists of the following at December 31, 2015:

Equipment	\$	2,361
Less: accumulated depreciation and amortization		<u>(1,105)</u>
Property and equipment, net	\$	<u><u>1,256</u></u>

6. Operating Lease

In September 2014, the Organization entered into a two-year cancelable lease for office facilities commencing on September 1, 2014 and expiring on August 31, 2016. Rent expense was \$9,300 for the six months ended December 31, 2015. The lease provides for termination by either party with sixty days' written notice.

7. Retirement Plan

The Organization has a simplified employee pension plan for all employees who have met certain age and service requirements. The Organization contributed 3% of eligible employees' compensations to the plan. Contributions by the Organization totaled \$3,477 for the six month period ended December 31, 2015.

8. Income Taxes

The Organization is exempt from federal income tax under IRC Section 501(c)(3). In addition, the Organization qualifies as a charitable organization as described in IRC Section 170(b)(1)(A) and has been classified under IRC Section 509(a)(2) as an organization that is not a private foundation.

SUPPLEMENTARY INFORMATION

America's Future Foundation

Schedule of Functional Expenses For the Six Month Period Ended December 31, 2015

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 76,443	\$ 5,418	\$ 34,814	\$ 116,675
Payroll taxes	6,829	567	2,626	10,022
Employee benefits	2,072	11,366	913	14,351
Conferences	23,106	-	-	23,106
Consulting	11,638	10,650	22,300	44,588
Contract services	15,250	-	-	15,250
Gala	10,950	-	-	10,950
Chapter expenses	1,500	-	-	1,500
Travel	33,116	2	82	33,200
Postage	6,833	116	3,842	10,791
Printing	19,627	-	4,350	23,977
Rent and utilities	-	10,647	-	10,647
Office operations	3,988	3,929	625	8,542
Depreciation and amortization	-	1,611	-	1,611
Miscellaneous	369	363	20	752
Total Expenses	\$ 211,721	\$ 44,669	\$ 69,572	\$ 325,962