

America's Future Foundation DBA America's Future

Financial Statements
and Independent Auditor's Report

December 31, 2021 and 2020

America's Future Foundation DBA America's Future

Financial Statements
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
America's Future Foundation DBA America's Future

Opinion

We have audited the accompanying financial statements of America's Future Foundation DBA America's Future ("the Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

Responsibilities of Management for the Financial Statements (continued)

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 the Organization'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

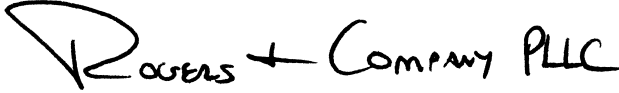
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, including omissions, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
July 8, 2022

America's Future Foundation DBA America's Future

Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 2,676,456	\$ 2,304,771
Grants and contributions receivable, net	143,429	141,486
Prepaid expenses	8,230	7,938
Property and equipment, net	3,609	1,710
Deposits	7,200	7,200
	<u> </u>	<u> </u>
Total assets	<u>\$ 2,838,924</u>	<u>\$ 2,463,105</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 58,304</u>	<u>\$ 109,194</u>
Total liabilities	<u>58,304</u>	<u>109,194</u>
Net Assets		
Without donor restrictions	1,140,214	1,020,498
With donor restrictions	<u>1,640,406</u>	<u>1,333,413</u>
Total net assets	<u>2,780,620</u>	<u>2,353,911</u>
Total liabilities and net assets	<u>\$ 2,838,924</u>	<u>\$ 2,463,105</u>

See accompanying notes.

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Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,197,190	\$ 877,450	\$ 2,074,640
Program fees	34,271	-	34,271
Membership dues	7,559	-	7,559
Rental income	7,300	-	7,300
Other revenue	1,413	-	1,413
Interest income	157	-	157
Released from restrictions	570,457	(570,457)	-
Total revenue and support	<u>1,818,347</u>	<u>306,993</u>	<u>2,125,340</u>
Expenses			
Program services	1,321,546	-	1,321,546
Supporting services:			
Management and general	227,589	-	227,589
Fundraising	149,496	-	149,496
Total supporting services	<u>377,085</u>	<u>-</u>	<u>377,085</u>
Total expenses	<u>1,698,631</u>	<u>-</u>	<u>1,698,631</u>
Change in Net Assets	119,716	306,993	426,709
Net Assets, beginning of year	<u>1,020,498</u>	<u>1,333,413</u>	<u>2,353,911</u>
Net Assets, end of year	<u>\$ 1,140,214</u>	<u>\$ 1,640,406</u>	<u>\$ 2,780,620</u>

See accompanying notes.

America's Future Foundation DBA America's Future

Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 980,277	\$ 733,170	\$ 1,713,447
Program fees	36,203	-	36,203
Other revenue	3,463	-	3,463
Interest income	212	-	212
Released from restrictions	524,597	(524,597)	-
Total revenue and support	<u>1,544,752</u>	<u>208,573</u>	<u>1,753,325</u>
Expenses			
Program services	1,024,895	-	1,024,895
Supporting services:			
Management and general	214,840	-	214,840
Fundraising	178,684	-	178,684
Total supporting services	<u>393,524</u>	<u>-</u>	<u>393,524</u>
Total expenses	<u>1,418,419</u>	<u>-</u>	<u>1,418,419</u>
Change in Net Assets	126,333	208,573	334,906
Net Assets, beginning of year	<u>894,165</u>	<u>1,124,840</u>	<u>2,019,005</u>
Net Assets, end of year	<u><u>\$ 1,020,498</u></u>	<u><u>\$ 1,333,413</u></u>	<u><u>\$ 2,353,911</u></u>

See accompanying notes.

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Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 645,159	\$ 84,074	\$ 94,384	\$ 178,458	\$ 823,617
Payroll taxes	48,393	7,196	7,287	14,483	62,876
Employee benefits	85,512	36,988	647	37,635	123,147
Consulting	246,383	-	32,020	32,020	278,403
Conference and events	44,477	-	-	-	44,477
Media and entertainment	21,288	292	256	548	21,836
Speakers	3,133	-	-	-	3,133
Meetings space rental	17,202	-	-	-	17,202
Travel	173,157	2,501	4,710	7,211	180,368
Professional services	-	35,531	1,212	36,743	36,743
Office rent	495	30,000	-	30,000	30,495
Utilities	1,740	6,053	-	6,053	7,793
Office supplies	8,315	4,076	920	4,996	13,311
Postage	4,013	144	2,095	2,239	6,252
Printing	6,703	358	190	548	7,251
Office operations	13,711	17,122	5,503	22,625	36,336
Depreciation and amortization	-	906	-	906	906
Miscellaneous	1,865	2,348	272	2,620	4,485
Total Expenses	\$ 1,321,546	\$ 227,589	\$ 149,496	\$ 377,085	\$ 1,698,631

See accompanying notes.

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Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 577,257	\$ 94,335	\$ 101,885	\$ 196,220	\$ 773,477
Payroll taxes	42,740	7,149	7,740	14,889	57,629
Employee benefits	78,736	15,772	24,673	40,445	119,181
Contract services	-	3,727	3,000	6,727	6,727
Consulting	181,381	8,027	19,122	27,149	208,530
Conference and events	15,689	-	-	-	15,689
Media and entertainment	10,148	356	-	356	10,504
Speakers	158	-	-	-	158
Meetings space rental	4,060	-	-	-	4,060
Travel	70,546	1,172	2,429	3,601	74,147
Professional services	-	33,192	1,333	34,525	34,525
Office rent	-	27,500	-	27,500	27,500
Utilities	1,504	2,723	48	2,771	4,275
Office supplies	4,929	5,780	289	6,069	10,998
Postage	2,583	38	11,105	11,143	13,726
Printing	13,815	217	127	344	14,159
Office operations	19,583	12,193	6,855	19,048	38,631
Depreciation and amortization	-	566	-	566	566
Miscellaneous	1,766	2,093	78	2,171	3,937
Total Expenses	\$ 1,024,895	\$ 214,840	\$ 178,684	\$ 393,524	\$ 1,418,419

See accompanying notes.

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Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 426,709	\$ 334,906
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	906	566
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable, net	(1,943)	833,354
Prepaid expenses	(292)	(2,785)
Deposits	-	(5,000)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(50,890)	24,171
Net cash provided by operating activities	374,490	1,185,212
Cash Flows from Investing Activity		
Purchases of property and equipment	(2,805)	(1,651)
Net cash used in investing activity	(2,805)	(1,651)
Net Increase in Cash	371,685	1,183,561
Cash, beginning of year	2,304,771	1,121,210
Cash, end of year	\$ 2,676,456	\$ 2,304,771

See accompanying notes.

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Notes to Financial Statements
December 31, 2021 and 2020

1. Nature of Operations

America's Future Foundation, doing business as America's Future ("the Organization"), was incorporated in 1995 in Washington, DC 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.

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:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts that have been promised but not yet received and are recorded at net realizable value. Contributions due in more than one year are discounted to present value based on management's estimate of the risk adjusted rate of return. No allowance for doubtful accounts has been recorded as management believes that all receivables are fully collectible.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

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

Revenue Accounted for in Accordance with Contribution Accounting

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports contributions and grants as 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

Program fees include events and seminars registration fees that are amounts paid by or on behalf of the event participants. Registration fees are based on published fixed rates and collected at the time of registration, resulting in a deferred revenue balance. Registration revenues are recognized in the period the related event is conducted.

Membership dues are comprised of an exchange element based on the benefits received and include a bundle of membership benefits that represent the performance obligations. The Organization has concluded the performance obligation related to member benefits is satisfied through the membership period as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over the applicable dues period. Membership dues received that are applicable to the following year are included in deferred revenue in the accompanying statements of financial position.

Rental income is recognized at a point in time when a monthly performance obligation is transferred to the subtenant. The amount recognized is the amount that reflects the consideration received or expected to be received in exchange for the subtenant's right of using the rental office space.

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 8, 2022, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 90 days of normal operating expenses. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,676,456	\$ 2,304,771
Less: donor-imposed or other restrictions making cash unavailable for general expenditures	<u>(1,493,406)</u>	<u>(1,186,413)</u>
Total available for general expenditures	<u>\$ 1,183,050</u>	<u>\$ 1,118,358</u>

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Notes to Financial Statements
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4. 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 Deposit 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.

5. Grants and Contributions Receivable

Grants and contributions receivable were promised as follows at December 31:

	2021	2020
Receivable in less than one year	\$ 600	\$ -
Receivable in one to five years	147,000	147,000
Total grants and contributions receivable	147,600	147,000
Less: discount	(4,171)	(5,514)
Grants and contributions receivable, net	<u>\$ 143,429</u>	<u>\$ 141,486</u>

Grants and contributions receivable due in more than one year at December 31, 2021 and 2020, were discounted at an average rate of 2.92% and 1.93%, respectively, that considers market and credit risk.

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Office equipment	\$ 8,438	\$ 5,633
Less: accumulated depreciation	(4,829)	(3,923)
Property and equipment, net	<u>\$ 3,609</u>	<u>\$ 1,710</u>

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7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Talent Market	\$ 1,640,406	\$ 1,264,506
Membership	-	49,621
Chapters and Hubs	-	5,665
Writing Fellowship	-	13,621
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 1,640,406</u>	<u>\$ 1,333,413</u>

8. Fiscal Sponsorship

In November 2019, the Organization entered into a Memorandum of Understanding Agreement (“the Agreement”) with the Talent Market, LLC (“Talent Market”) to serve as a fiscal sponsor of Talent Market. According to the Agreement, all operations of Talent Market will be transferred to the Organization and become a program of the Organization. This program will focus on providing consulting and recruiting services at no cost to think tanks, policy organizations, research centers, and capacity building institutions. As outlined in the Agreement, the Organization will receive assets and also assume liabilities and obligations of Talent Market necessary to operate the program.

Total amount of the assets to be provided for the program was \$987,000. In January 2020, the Organization received a transfer of program funds in the amount of \$840,000. The remaining \$147,000 of the Talent Market’s contributions will be held in a trust account until January 2023 as a reserve to cover any unknown liabilities. Any funds not used to pay for unknown liabilities will be transferred to the Organization on a date thirty-six (36) months following the execution of the Agreement. These amounts are included in grants and contributions receivable in the accompanying statements of financial position. Talent Market will provide a monthly administrative fee of \$1,000 to pay general operating expenses, which can be adjusted to reflect actual costs incurred.

As of December 31, 2021 and 2020, the Organization received contributions of \$877,450 and \$587,170, respectively, restricted for the Talent Market program from third-party donors.

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Notes to Financial Statements
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9. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

10. Commitments and Contingencies

Operating Lease

On August 9, 2017, the Organization entered into a new membership agreement for shared office space in Arlington, VA. The agreement commenced on September 1, 2017, with a base monthly rent of \$1,200, with an original termination date of August 31, 2018. In 2018, the agreement was extended through August 31, 2019. The Organization remained in the space through November 2019 on a month-to-month basis.

On January 30, 2020, the Organization entered into a new lease agreement for office space in Washington, DC. The lease commenced on February 1, 2020, with a base monthly rent of \$2,500. This lease has a termination date of February 1, 2023.

Shared office rent expense was \$30,495 and \$27,500 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments are as follows for the years ending December 31:

2022	\$	30,000
2023		<u>2,500</u>
Total future minimum lease payments	\$	<u><u>32,500</u></u>

Sublease Agreement

On September 1, 2020, the Organization entered into a sublease agreement for a monthly rental amount of \$300. This sublease was renewed on September 1, 2021 and included a monthly payment of \$320. The new lease has a termination date of August 31, 2022. Rental income from the sublease totaled \$7,300 for the year ended December 31, 2021.

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11. 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 \$16,451 and \$15,082 for the years ended December 31, 2021 and 2020, respectively, and are included in employee benefits in the accompanying statements of functional expenses.

12. Local Chapters

As of December 31, 2021, the Organization had 14 local Chapters that share the same mission. The Chapters are not separate independent entities, and the Organization maintains control through affiliation agreements. All accounting functions are performed by the Organization and all accounts are included in the accompanying financial statements.

13. 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)(vi) and has been classified under IRC Section 509(a)(2) as an organization that is not a private foundation. Management has evaluated the Organization's tax positions and concluded that the financial statements do not include any uncertain tax positions.