

**FUTURES AND OPTIONS, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2011 AND 2010**

# FUTURES AND OPTIONS, INC.

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Futures and Options, Inc.

We have audited the accompanying statements of financial position of Futures and Options, Inc. as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Futures and Options, Inc. at June 30, 2011 and 2010, and the results of its activities and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Skody Scot & Company, CPAs, PC*

October 7, 2011

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Cash	\$ 230,185	\$ 236,411
Contribution and stipend receivables	986	41,102
Prepaid expenses	10,705	8,372
Property and equipment, net	4,336	13,905
Total assets	\$ 246,212	\$ 299,790

<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 30,088	\$ 39,842
Total liabilities	30,088	39,842
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	110,916	153,549
Temporarily restricted	105,208	106,399
Permanently restricted	-	-
Total net assets	216,124	259,948
Total liabilities and net assets	\$ 246,212	\$ 299,790

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Support and Revenues:		
Unrestricted:		
Special event:		
Special event revenue	\$ 158,425	\$ 116,670
Less: special event expenses	(15,496)	(12,700)
Net special event income	<u>142,929</u>	<u>103,970</u>
Contributions	424,714	480,522
Contributions in-kind	31,750	25,000
Government grants	3,500	-
Program service revenue	2,413	800
Interest and other income	322	1,469
Release of prior year restrictions	106,399	53,089
Temporarily Restricted:		
Contributions	105,208	106,399
Release of prior years restrictions	(106,399)	(53,089)
Total support and revenues	<u>710,836</u>	<u>718,160</u>
Expenses:		
Program Expenses:		
Career development - interns and stipends	113,455	107,627
Career development - other	501,772	392,035
Total program expenses	<u>615,227</u>	<u>499,662</u>
Management and general	81,771	80,234
Fundraising	57,662	55,774
Total expenses	<u>754,660</u>	<u>635,670</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	(42,633)	29,180
Temporarily restricted	(1,191)	53,310
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>(43,824)</u>	<u>82,490</u>
Net assets, beginning of year	<u>259,948</u>	<u>177,458</u>
Net assets, end of year	<u>\$ 216,124</u>	<u>\$ 259,948</u>

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (43,824)	\$ 82,490
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	9,569	10,197
Changes in assets and liabilities:		
Accrued expenses	(9,754)	3,861
Prepaid expenses	(2,333)	(4,218)
Contribution and stipend receivables	40,116	(21,984)
Net cash provided/(used) by operating activities	<u>(6,226)</u>	<u>70,346</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	(6,226)	70,346
Cash, at beginning of year	<u>236,411</u>	<u>166,065</u>
Cash, at end of year	<u>\$ 230,185</u>	<u>\$ 236,411</u>

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010**

	2011			Total Expenses	2010
	Program Career Development	Supporting Management & General	Fundraising		Total Expenses
Staff salaries	\$ 328,138	\$ 19,996	\$ 9,428	\$ 357,562	\$ 318,321
Intern salaries	109,235	-	-	109,235	103,547
Payroll taxes & benefits	66,644	3,165	1,734	71,543	57,710
Stipends, pre-intern	4,220	-	-	4,220	4,080
Consultants	3,300	8,461	45,500	57,261	8,932
Depreciation	9,569	-	-	9,569	10,197
Equipment rental	4,202	540	-	4,742	4,935
Insurance	-	4,421	-	4,421	6,105
Office expenses	-	11,713	-	11,713	11,132
Printing	-	2,558	-	2,558	1,855
Postage	291	2,623	-	2,914	2,777
Professional fees	-	19,029	-	19,029	14,895
Program expenses	37,474	-	-	37,474	34,061
Recruitment & staff training	10,311	510	1,000	11,821	6,294
Rent & utilities	38,557	1,766	-	40,323	37,631
Repairs & maintenance	-	3,645	-	3,645	2,142
Telephone & communications	3,286	3,344	-	6,630	4,965
Website	-	-	-	-	6,091
Total expenses	<u>\$ 615,227</u>	<u>\$ 81,771</u>	<u>\$ 57,662</u>	<u>\$ 754,660</u>	<u>\$ 635,670</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Futures and Options, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on March 16, 1999. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization primarily receives its support from contributors in the New York City area and from special events.

The Organization's Career Development program (formerly Varied Intern Partnership program) provides high school students with internships within corporate and not-for-profit positions, and monitors and evaluates their progress.

Basis of Financial Statements

The Organization maintains its books of account on the cash basis of accounting. For financial reporting purposes, the accounts have been adjusted to reflect revenues earned, but not collected, and expenses incurred, but not paid, in order to conform with generally accepted accounting principles.

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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 revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition

Program service revenue relates to fees received in exchange for program services and mainly includes payments related to workshops. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**FUTURES AND OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Flows

Cash receipts and payments are classified according to operating, investing, and financing activities. Only investments with maturities of three months or less are classified as cash equivalents.

Management and General Expenses

The Organization classifies expenses, which are not directly related to a specific program, as management and general expenses.

Basis of Functional Expenses

The Organization allocates salaries based on estimated time and other expenses are allocated based on usage.

Property and Equipment

Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 21,378	\$ 21,378
Leasehold improvements	<u>69,715</u>	<u>69,715</u>
	91,093	91,093
Less: Accumulated depreciation and amortization	<u>(86,757)</u>	<u>(77,188)</u>
	<u>\$ 4,336</u>	<u>\$ 13,905</u>

**FUTURES AND OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Commitments and Contingencies**

The Organization maintains its checking and savings accounts with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended June 30, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Institution balances	\$242,541	\$240,031
Less: Amounts covered	(242,541)	(240,031)
Uninsured amounts	<u>\$ -</u>	<u>\$ -</u>

The Organization leases office space under a noncancelable operating lease. As of June 30, 2011 minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2012	\$ 27,500
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Total rent expense charged to operations for the years ended June 30, 2011 and 2010 was \$30,000 and \$30,000, respectively.

**Note 4 – Restricted Assets**

As of June 30, 2011 and 2010 contributions are restricted for the following activities:

	<u>2011</u>	<u>2010</u>
Career development	\$ 60,000	\$ 75,834
Partnership manager	25,446	29,650
Software	5,116	-
Marketing manager	12,096	-
Business plan	2,550	-
Development associate	<u>-</u>	<u>915</u>
Total restricted assets	<u>\$105,208</u>	<u>\$106,399</u>

**Note 5 – Contributions In-Kind**

Contributions in-kind received are in the form of services and use of facilities, in lieu of cash payments. The estimated fair value of these contributions is reported as support and expense in the period in which the services are received. During the years ended June 30, 2011 and 2010, Alliance for Downtown NY provided free office space with fair market values of \$5,000 and \$5,000, respectively. During the year ended June 30, 2010, Orion Trading provided free airline tickets and video cameras with a fair market value of \$20,000. During the year ended June 30, 2011, various companies provided printing, event and design services, and executive training which totaled \$26,750.

**FUTURES AND OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Fundraising Expenses**

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total amount allocated to fundraising activities was \$11,162 for 2011 and \$5,740 for 2010. The total joint costs were allocated for the years ended June 30, 2011 and 2010, as follows:

	<u>2011</u>	<u>2010</u>
Program expenses	\$157,149	\$ 90,016
Management and general	18,311	17,241
Fundraising	<u>11,162</u>	<u>5,740</u>
Total joint costs	<u>\$186,622</u>	<u>\$112,997</u>

**Note 7 – Internship Activities**

The Organization provides high school students with internships (paid as salaries or stipends for pre-interns) which are funded by grants (or contributions) received. The grant-funded internship salaries are reflected in the statement of functional expenses. In addition, approximately 131 and 95 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2011 and 2010, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Grant funded, paid by the Organization	\$113,455	\$107,627
Directly placed, paid by other entities	<u>225,866</u>	<u>230,800</u>
Total internship activities	<u>\$339,321</u>	<u>\$338,427</u>

**Note 8 – Subsequent Events**

Subsequent events were evaluated for potential additional disclosures and corrections through October 7, 2011, which is the date the financial statements were available to be issued.