

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2010 AND 2009

FUTURES AND OPTIONS, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2010 and 2009	2
Statements of activities for the years ended June 30, 2010 and 2009	3
Statements of cash flows for the years ended June 30, 2010 and 2009	4
Statement of functional expenses for the year ended June 30, 2010 with comparative totals for 2009	5
Notes to financial statements	6 - 8



Skody Scot & Company, CPAs, P.C.

352 Seventh Avenue, 9th Floor, New York, NY 10001 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

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, 2010 and 2009, 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, 2010 and 2009, 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

August 30, 2010

**FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	2010	2009
ASSETS		
Cash	\$ 236,411	\$ 166,065
Contribution and stipend receivables	41,102	19,118
Prepaid expenses	8,372	4,154
Property and equipment, net	13,905	24,102
	\$ 299,790	\$ 213,439

LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 39,842	\$ 35,981
Total liabilities	39,842	35,981
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	153,549	124,369
Temporarily restricted	106,399	53,089
Permanently restricted	-	-
Total net assets	259,948	177,458
Total liabilities and net assets	\$ 299,790	\$ 213,439

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Support and Revenues:		
Unrestricted:		
Contributions	\$ 584,492	\$ 518,294
Contributions in-kind	25,000	5,000
Program service revenue	800	975
Interest and other income	596	1,338
Release of prior year restrictions	53,089	45,000
Temporarily Restricted:		
Contributions	106,399	53,089
Release of prior years restrictions	(53,089)	(45,000)
Total support and revenues	<u>717,287</u>	<u>578,696</u>
Expenses:		
Program Expenses:		
Career development - interns and stipends	107,627	88,850
Career development - other	392,035	319,744
Total program expenses	<u>499,662</u>	<u>408,594</u>
Management and general	80,234	91,059
Fundraising	55,774	35,562
Total expenses	<u>635,670</u>	<u>535,215</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	29,180	35,392
Temporarily restricted	53,310	8,089
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>82,490</u>	<u>43,481</u>
Net assets, beginning of year	<u>177,458</u>	<u>133,977</u>
Net assets, end of year	<u>\$ 259,948</u>	<u>\$ 177,458</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 82,490	\$ 43,481
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	10,197	10,780
Changes in assets and liabilities:		
Accrued expenses	3,861	25,482
Prepaid expenses	(4,218)	727
Contribution and stipend receivables	(21,984)	(19,118)
Net cash provided/(used) by operating activities	<u>70,346</u>	<u>61,352</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(9,320)
Net cash provided/(used) by investing activities	<u>-</u>	<u>(9,320)</u>
Cash flows from financing activities:	-	-
Net increase/(decrease) in cash	70,346	52,032
Cash, at beginning of year	<u>166,065</u>	<u>114,033</u>
Cash, at end of year	<u>\$ 236,411</u>	<u>\$ 166,065</u>

See accompanying notes to financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010			Total Expenses	2009 Total Expenses
	Program Career Development	Supporting Management & General	Fundraising		
Staff salaries	\$ 246,916	\$ 29,263	\$ 42,142	\$ 318,321	\$ 276,261
Intern salaries	103,547	-	-	103,547	85,250
Payroll taxes & benefits	47,165	3,913	6,632	57,710	49,560
Stipends, pre-intern	4,080	-	-	4,080	3,600
Consultants	-	1,932	7,000	8,932	16,331
Depreciation	10,197	-	-	10,197	10,780
Equipment rental	3,629	1,306	-	4,935	4,305
Insurance	-	6,105	-	6,105	4,335
Office expenses	-	11,132	-	11,132	14,036
Printing	-	1,855	-	1,855	2,782
Postage	277	2,500	-	2,777	1,269
Professional fees	-	14,895	-	14,895	11,944
Program expenses	34,061	-	-	34,061	9,011
Recruitment & staff training	4,721	1,573	-	6,294	478
Rent & utilities	35,999	1,632	-	37,631	38,158
Repairs & maintenance	-	2,142	-	2,142	2,604
Telephone & communications	2,979	1,986	-	4,965	4,511
Website	6,091	-	-	6,091	-
Total expenses	<u>\$ 499,662</u>	<u>\$ 80,234</u>	<u>\$ 55,774</u>	<u>\$ 635,670</u>	<u>\$ 535,215</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.

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

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.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Management and General Expenses

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

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.

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

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</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>(77,188)</u>	<u>(66,991)</u>
	<u>\$ 13,905</u>	<u>\$ 24,102</u>

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, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Institution balances	\$240,031	\$169,469
Less: Amounts covered	<u>(240,031)</u>	<u>(169,469)</u>
Uninsured amounts	<u>\$ -</u>	<u>\$ -</u>

The Organization leases office space under a noncancelable operating lease. As of June 30, 2010 minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2011	\$ 30,000
2012	27,500

Total rent expense charged to operations for the years ended June 30, 2010 and 2009 was \$30,000 and \$30,000, respectively.

Note 4 - Restricted Assets

As of June 30, 2010 and 2009 contributions are restricted for the following activities:

	<u>2010</u>	<u>2009</u>
Career development	\$ 75,834	\$ 30,000
Partnership manager	29,650	-
Development associate	<u>915</u>	<u>23,089</u>
Total restricted assets	<u>\$106,399</u>	<u>\$ 53,089</u>

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

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, 2010 and 2009, 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.

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 \$5,740 for 2010 and \$35,562 for 2009. The total joint costs were allocated for the years ended June 30, 2010 and 2009, as follows:

	<u>2010</u>	<u>2009</u>
Program expenses	\$ 90,016	\$ 85,346
Management and general	17,241	21,336
Fundraising	<u>5,740</u>	<u>35,562</u>
Total joint costs	<u>\$112,997</u>	<u>\$142,244</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 95 interns were paid directly by private and nonprofit organizations. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2010 and 2009, were as follows:

	<u>2010</u>	<u>2009</u>
Grant funded, paid by the Organization	\$107,016	\$ 88,850
Directly placed, paid by other entities	<u>230,800</u>	<u>200,000</u>
Total internship activities	<u>\$337,816</u>	<u>\$288,850</u>