

**FUTURES AND OPTIONS, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2015 AND 2014**

# 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 financial statements of Futures and Options, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years 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 control 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 audits. We conducted our audits 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 Futures and Options, Inc. as of June 30, 2015 and 2014, 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.

New York, NY  
November 2, 2015

*Skody Scot & Company, CPAs, P.C.*

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 580,519	\$ 357,756
Contribution and other receivables	112,478	112,391
Prepaid expenses	9,750	19,591
Property and equipment, net	13,330	18,346
Security deposits	5,189	5,189
Total assets	<u>\$ 721,266</u>	<u>\$ 513,273</u>

<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 34,331	\$ 23,854
Deferred income	53,430	178,000
Total liabilities	<u>87,761</u>	<u>201,854</u>
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	270,940	183,419
Temporarily restricted	362,565	128,000
Permanently restricted	-	-
Total net assets	<u>633,505</u>	<u>311,419</u>
Total liabilities and net assets	<u>\$ 721,266</u>	<u>\$ 513,273</u>

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Support and Revenues:		
Unrestricted:		
Special event:		
Event revenue	\$ 639,573	\$ 387,502
Less: event expenses	(126,690)	(80,290)
Net special event income	<u>512,883</u>	<u>307,212</u>
Contributions	850,517	709,427
Contributions in-kind	-	5,000
Government grants	-	26,734
Interest and other income	464	739
Release of prior year restrictions	128,000	101,400
Temporarily Restricted:		
Contributions	362,565	128,000
Release of prior years restrictions	(128,000)	(101,400)
Total support and revenues	<u>1,726,429</u>	<u>1,177,112</u>
Expenses:		
Program Expenses:		
Career development - intern wages / stipends	354,571	277,263
Career development - other	795,824	654,892
Total program expenses	<u>1,150,395</u>	<u>932,155</u>
Management and general	169,377	143,449
Fundraising	84,571	94,033
Total expenses	<u>1,404,343</u>	<u>1,169,637</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	87,521	(19,125)
Temporarily restricted	234,565	26,600
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>322,086</u>	<u>7,475</u>
Net assets, beginning of year	<u>311,419</u>	<u>303,944</u>
Net assets, end of year	<u>\$ 633,505</u>	<u>\$ 311,419</u>

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 322,086	\$ 7,475
Adjustments for non-cash items included in operating activities:		
Depreciation	5,016	5,016
Changes in assets and liabilities:		
Accrued expenses	10,477	(26,790)
Deferred income	(124,570)	58,940
Prepaid expenses	9,841	10,990
Contribution and other receivables	(87)	2,297
Net cash provided/(used) by operating activities	222,763	57,928
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	222,763	57,928
Cash, at beginning of year	357,756	299,828
Cash, at end of year	\$ 580,519	\$ 357,756

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014**

	2015			Total Expenses	2014
	Program	Supporting			Total Expenses
	Career Development	Management & General	Fundraising		
Staff salaries	\$ 481,308	\$ 54,719	\$ 72,958	\$ 608,985	\$ 514,153
Intern wages	349,676	-	-	349,676	271,588
Payroll taxes & benefits	107,800	8,764	11,613	128,177	104,458
Stipends, career essentials	4,895	-	-	4,895	5,675
Consultants	43,375	27,369	-	70,744	37,637
Depreciation	5,016	-	-	5,016	5,016
Equipment rental	-	7,625	-	7,625	4,458
Insurance	-	6,122	-	6,122	6,266
Marketing and promotion	-	-	-	-	10,788
Office expenses	-	17,699	-	17,699	23,882
Printing	-	10,997	-	10,997	6,369
Postage	467	4,206	-	4,673	5,389
Professional fees	-	18,625	-	18,625	18,225
Program expenses	72,478	-	-	72,478	52,832
Recruitment & staff training	6,057	2,019	-	8,076	11,367
Rent & utilities	72,408	3,810	-	76,218	70,048
Repairs & maintenance	-	2,552	-	2,552	1,966
College scholarships	3,500	-	-	3,500	13,500
Telephone & communications	3,415	2,277	-	5,692	6,020
Uncollectible receivables	-	2,593	-	2,593	-
<b>Total expenses</b>	<b>\$ 1,150,395</b>	<b>\$ 169,377</b>	<b>\$ 84,571</b>	<b>\$ 1,404,343</b>	<b>\$ 1,169,637</b>

**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. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributors in the New York City area and from special events.

The Organization's Career Development program provides high school students with internships within corporate, government agency and not-for-profit positions, and monitors and evaluates their progress.

Basis of Accounting

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

Basis of Presentation

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.

Use of Estimates

Management uses estimates and assumptions in preparing the 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.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten years. Furniture and fixtures are depreciated by the straight-line method over the estimated useful lives of seven years. Leasehold improvements are depreciated 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 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

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.

The Organization has received grants from governmental agencies. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as refundable advances.

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposits and treasury bills, with an original maturity of three months or less. As of June 30, 2015 and 2014, the Organization did not have any assets that it considered cash equivalents.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Contribution and Other Receivables

Contribution and other receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable contributions.

**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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 10,979	\$ 10,979
Furniture and fixtures	6,610	6,610
Leasehold improvements	<u>10,789</u>	<u>10,789</u>
	28,378	28,378
Less: Accumulated depreciation	<u>(15,048)</u>	<u>(10,032)</u>
	<u>\$ 13,330</u>	<u>\$ 18,346</u>

**Note 3 - Commitments and Contingencies**

The Organization maintains its checking and savings accounts with financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Institution balances	\$617,013	\$387,969
Less: Amounts covered	<u>(250,000)</u>	<u>(250,000)</u>
Uninsured amounts	<u>\$367,013</u>	<u>\$137,969</u>

The Organization leases office space under a nine year noncancellable operating lease. As of June 30, 2015 the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2016	\$ 62,273
2017	62,273
2018	62,273
2019	62,273
2020	62,273
2021 and thereafter	140,106

Total rent and utilities expense charged to operations for the years ended June 30, 2015 and 2014 was \$76,218 and \$70,048, respectively.

**Note 4 - Restricted Assets**

As of June 30, 2015 and 2014 contributions are restricted for the following activities:

	<u>2015</u>	<u>2014</u>
Career development	\$314,040	\$125,000
Executive coaching	-	3,000
Capacity & program development	35,525	-
College scholarships	8,000	-
Computer equipment	<u>5,000</u>	<u>-</u>
Total restricted assets	<u>\$362,565</u>	<u>\$128,000</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, 2015 and 2014, various companies provided printing, event and design services, and executive training which totaled \$0 and \$5,000, respectively.

**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 joint costs were allocated for the years ended June 30, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Program expenses	\$119,832	\$186,473
Management and general	13,652	22,882
Fundraising	<u>18,202</u>	<u>70,325</u>
Total joint costs	<u>\$151,686</u>	<u>\$279,680</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 67 and 87 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2015 and 2014, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Grant funded, paid by the Organization	\$377,650	\$293,315
Directly placed, paid by other entities	<u>134,193</u>	<u>145,359</u>
Total internship activities	<u>\$511,843</u>	<u>\$438,674</u>

**Note 8 - Government Grants**

The Organization was previously awarded grants by governmental entities. Total expenses expended under the grants amounted to \$0 and \$26,734 during the years ended June 30, 2015 and 2014, respectively.

**Note 9 - Subsequent Events**

Subsequent events were evaluated for potential additional disclosures and corrections through November 2, 2015, which is the date the financial statements were available to be issued.