

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2016 AND 2015

FUTURES AND OPTIONS, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2016 and 2015	2
Statements of activities for the years ended June 30, 2016 and 2015	3
Statements of cash flows for the years ended June 30, 2016 and 2015	4
Statement of functional expenses for the year ended June 30, 2016 with comparative totals for 2015	5
Notes to financial statements	6 - 9



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (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 financial statements of Futures and Options, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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, 2016 and 2015, 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
October 17, 2016

Skody Scot & Company, CPAs, P.C.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 709,605	\$ 580,519
Contribution and other receivables	45,598	112,478
Prepaid expenses	68,055	9,750
Property and equipment, net	35,426	13,330
Security deposits	14,628	5,189
Total assets	<u>\$ 873,312</u>	<u>\$ 721,266</u>

LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 24,116	\$ 34,331
Deferred income	165,537	53,430
Total liabilities	<u>189,653</u>	<u>87,761</u>
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	434,554	270,940
Temporarily restricted	249,105	362,565
Permanently restricted	-	-
Total net assets	<u>683,659</u>	<u>633,505</u>
Total liabilities and net assets	<u>\$ 873,312</u>	<u>\$ 721,266</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Support and Revenues:		
Unrestricted:		
Special event:		
Event revenue	\$ 755,133	\$ 639,573
Less: event expenses	(189,088)	(126,690)
Net special event income	<u>566,045</u>	<u>512,883</u>
Contributions	889,299	850,517
Interest and other income	355	464
Release of prior year restrictions	384,195	128,000
Temporarily Restricted:		
Contributions	270,735	362,565
Release of prior years restrictions	(384,195)	(128,000)
Total support and revenues	<u>1,726,434</u>	<u>1,726,429</u>
Expenses:		
Program Expenses:		
Career development - intern wages / stipends	448,222	354,571
Career development - other	911,111	795,824
Total program expenses	<u>1,359,333</u>	<u>1,150,395</u>
Management and general	231,957	169,377
Fundraising	84,990	84,571
Total expenses	<u>1,676,280</u>	<u>1,404,343</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	163,614	87,521
Temporarily restricted	(113,460)	234,565
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>50,154</u>	<u>322,086</u>
Net assets, beginning of year	<u>633,505</u>	<u>311,419</u>
Net assets, end of year	<u>\$ 683,659</u>	<u>\$ 633,505</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 50,154	\$ 322,086
Adjustments for non-cash items included in operating activities:		
Depreciation	14,252	5,016
Changes in assets and liabilities:		
Accrued expenses	(10,215)	10,477
Deferred income	112,107	(124,570)
Security deposits	(9,439)	-
Prepaid expenses	(58,305)	9,841
Contribution and other receivables	66,880	(87)
Net cash provided/(used) by operating activities	<u>165,434</u>	<u>222,763</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(36,348)</u>	-
Net cash provided/(used) by investing activities	<u>(36,348)</u>	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	129,086	222,763
Cash, at beginning of year	<u>580,519</u>	<u>357,756</u>
Cash, at end of year	<u><u>\$ 709,605</u></u>	<u><u>\$ 580,519</u></u>

See accompanying notes to financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016			Total Expenses	2015
	Program	Supporting			Total Expenses
	Career Development	Management & General	Fundraising		
Staff salaries	\$ 521,271	\$ 65,055	\$ 72,467	\$ 658,793	\$ 608,985
Intern wages	441,442	-	-	441,442	349,676
Payroll taxes & benefits	132,469	7,661	12,523	152,653	128,177
Stipends, career essentials	6,780	-	-	6,780	4,895
Consultants	51,316	35,851	-	87,167	70,744
Depreciation	11,402	2,850	-	14,252	5,016
Equipment rental	-	7,682	-	7,682	7,625
Insurance	-	5,838	-	5,838	6,122
Office expenses	-	19,156	-	19,156	17,699
Printing	-	10,833	-	10,833	10,997
Postage	491	4,422	-	4,913	4,673
Professional fees	-	24,789	-	24,789	18,625
Program expenses	55,966	-	-	55,966	72,478
Recruitment & staff training	11,150	14,716	-	25,866	8,076
Rent & utilities	112,333	28,084	-	140,417	76,218
Repairs & maintenance	-	2,211	-	2,211	2,552
College scholarships	10,500	-	-	10,500	3,500
Telephone & communications	4,213	2,809	-	7,022	5,692
Uncollectible receivables	-	-	-	-	2,593
Total expenses	<u>\$ 1,359,333</u>	<u>\$ 231,957</u>	<u>\$ 84,990</u>	<u>\$ 1,676,280</u>	<u>\$ 1,404,343</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. 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 programs provide New York City teens, primarily high school students, with career-readiness training workshops and paid mentored internships at private and nonprofit businesses and government agencies, and monitors and evaluates the interns' 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 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.

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, 2016 and 2015, 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 42,672	\$ 10,979
Furniture and fixtures	11,265	6,610
Leasehold improvements	<u>10,789</u>	<u>10,789</u>
	64,726	28,378
Less: Accumulated depreciation	<u>(29,300)</u>	<u>(15,048)</u>
	<u>\$ 35,426</u>	<u>\$ 13,330</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, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Institution balances	\$758,365	\$617,013
Less: Amounts covered	<u>(250,000)</u>	<u>(250,000)</u>
Uninsured amounts	<u>\$508,365</u>	<u>\$367,013</u>

The Organization leases office space under a nine year noncancellable operating lease. The Organization subleases additional office space under a fifteen month noncancellable operating lease. As of June 30, 2016 the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2017	\$137,789
2018	62,273
2019	62,273
2020	62,273
2021	62,273
2022 and thereafter	77,833

Total rent and utilities expense charged to operations for the years ended June 30, 2016 and 2015 was \$140,417 and \$76,218, respectively.

Note 4 - Restricted Assets

As of June 30, 2016 and 2015 contributions are restricted for the following activities:

	<u>2016</u>	<u>2015</u>
Career development	\$231,130	\$314,040
Capacity & program development	-	35,525
College scholarships	10,000	8,000
Curriculum consultant	7,975	-
Computer equipment	<u>-</u>	<u>5,000</u>
Total restricted assets	<u>\$249,105</u>	<u>\$362,565</u>

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 - Internship Activities

The Organization provides high school students with internships (paid as wages) which are funded by grants (or contributions) received. The grant-funded internship salaries are reflected in the statement of functional expenses. In addition, approximately 43 and 67 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2016 and 2015, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Grant funded, paid by the Organization	\$476,757	\$377,650
Directly placed, paid by other entities	<u>96,982</u>	<u>134,193</u>
Total internship activities	<u>\$573,739</u>	<u>\$511,843</u>

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 17, 2016, which is the date the financial statements were available to be issued.