

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 29, 2018

Skody Scot & Company, CPAs, P.C.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
Cash	\$ 983,372	\$ 509,052
Contribution and other receivables	176,509	244,923
Government grants receivable	40,280	33,524
Prepaid expenses	97,059	68,055
Property and equipment, net	40,132	21,174
	\$ 1,337,352	\$ 876,728
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 24,551	\$ 30,693
Deferred income	293,228	149,700
Total liabilities	317,779	180,393
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	578,611	411,663
Temporarily restricted	440,962	284,672
Permanently restricted	-	-
Total net assets	1,019,573	696,335
Total liabilities and net assets	\$ 1,337,352	\$ 876,728

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Support and Revenues:		
Unrestricted:		
Special Event:		
Event revenue	\$ 1,026,884	\$ 971,556
Less: event expenses	(189,581)	(187,344)
Net special event income	837,303	784,212
Contributions	1,143,662	938,866
Government grants	83,284	37,024
Interest income	680	364
Release of prior year restrictions	267,342	239,865
Temporarily Restricted:		
Contributions	423,632	275,432
Release of prior year restrictions	(267,342)	(239,865)
Total support and revenues	2,488,561	2,035,898
Expenses:		
Program Expenses:		
Career development - intern wages / stipends	505,798	549,366
Career development - other	1,292,554	1,105,522
Total program expenses	1,798,352	1,654,888
Management and general	252,847	265,455
Fundraising	114,124	102,879
Total expenses	2,165,323	2,023,222
Increase/(Decrease) In Net Assets:		
Unrestricted	166,948	(22,891)
Temporarily restricted	156,290	35,567
Permanently restricted	-	-
Increase/(decrease) in net assets	323,238	12,676
Net assets, beginning of year	696,335	683,659
Net assets, end of year	\$ 1,019,573	\$ 696,335

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 323,238	\$ 12,676
Adjustments for non-cash items included in operating activities:		
Depreciation	15,937	14,252
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(6,142)	6,577
Deferred income	143,528	(15,837)
Security deposits	-	14,628
Prepaid expenses	(29,004)	-
Contribution and other receivables	68,414	(199,325)
Government grants receivable	(6,756)	(33,524)
Net cash provided/(used) by operating activities	<u>509,215</u>	<u>(200,553)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(34,895)	-
Net cash provided/(used) by investing activities	<u>(34,895)</u>	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	474,320	(200,553)
Cash, at beginning of year	<u>509,052</u>	<u>709,605</u>
Cash, at end of year	<u>\$ 983,372</u>	<u>\$ 509,052</u>
Supplemental information:		
Disposal of fixed asset	\$ -	\$ 5,000

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018			2017	
	Program	Supporting		Total	
	Career Development	Management & General	Fundraising	Expenses	Expenses
Staff salaries	\$ 751,771	\$ 94,562	\$ 99,291	\$ 945,624	\$ 826,685
Intern wages	498,183	-	-	498,183	542,681
Payroll taxes & benefits	150,831	13,502	14,177	178,510	200,020
Stipends, career essentials	7,615	-	-	7,615	6,685
Consultants	46,393	8,188	-	54,581	44,036
Depreciation	12,750	3,187	-	15,937	14,252
Equipment rental	-	8,078	-	8,078	13,410
Insurance	-	5,811	-	5,811	5,458
Office expenses	8,749	19,108	656	28,513	17,094
Printing	-	8,493	-	8,493	8,016
Postage	589	5,296	-	5,885	6,259
Professional fees	32,238	38,165	-	70,403	25,038
Program expenses	88,450	-	-	88,450	65,310
Recruitment & staff training	8,503	2,834	-	11,337	32,932
Rent & utilities	162,927	40,732	-	203,659	195,930
Repairs & maintenance	-	3,427	-	3,427	2,665
College scholarships	23,500	-	-	23,500	9,000
Telephone & communications	5,853	1,464	-	7,317	7,751
Total expenses	\$ 1,798,352	\$ 252,847	\$ 114,124	\$ 2,165,323	\$ 2,023,222

See accompanying notes to the 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.

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 deferred revenue.

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.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. 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.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 70,986	\$ 37,672
Furniture and fixtures	12,846	11,265
Leasehold improvements	<u>10,789</u>	<u>10,789</u>
	94,621	59,726
Less: Accumulated depreciation	<u>(54,489)</u>	<u>(38,552)</u>
	<u>\$ 40,132</u>	<u>\$ 21,174</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. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the years ended June 30, 2018 and 2017.

The Organization leases office space under a nine year noncancellable operating lease. During fiscal year 2017, the Organization amended the lease to include additional office space. The Organization is required to hold a letter of credit for \$16,427 as security deposit. The letter of credit is secured by the Organization's savings account. As of June 30, 2018 the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2019	\$185,885
2020	185,885
2021	189,631
2022	197,123
2023	49,273

Total rent and utilities expense charged to operations for the years ended June 30, 2018 and 2017 was \$203,659 and \$195,930, respectively.

Note 4 - Restricted Assets

As of June 30, 2018 and 2017 contributions are restricted for the following activities:

	<u>2018</u>	<u>2017</u>
Career development	\$302,382	\$261,416
College scholarships	5,000	10,000
Curriculum consultant	12,330	13,256
Salesforce consultant	121,250	-
Total restricted assets	<u>\$440,962</u>	<u>\$284,672</u>

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 175 and 35 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2018 and 2017, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Grant funded, paid by the Organization	\$557,790	\$586,095
Directly placed, paid by other entities	<u>354,618</u>	<u>103,102</u>
Total internship activities	<u>\$912,408</u>	<u>\$689,197</u>

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 - Government Grants

The Organization was awarded various grants by governmental entities. Total expenses expended under the grants amounted to \$83,284 and \$37,024 during the years ended June 30, 2018 and 2017, respectively.

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 29, 2018, which is the date the financial statements were available to be issued.