

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2008 AND 2007

FUTURES AND OPTIONS, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2008 and 2007	2
Statements of activities for the years ended June 30, 2008 and 2007	3
Statements of cash flows for the years ended June 30, 2008 and 2007	4
Statement of functional expenses for the year ended June 30, 2008 with comparative totals for 2007	5
Notes to financial statements	6 - 9



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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, 2008 and 2007, 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, 2008 and 2007, 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

November 21, 2008

**FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 114,031	\$ 143,588
Grants and contributions receivable	-	5,171
Prepaid expenses	4,881	4,520
Property and equipment, net	25,562	33,686
Total assets	\$ 144,474	\$ 186,965

LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 10,497	\$ 25,056
Total liabilities	10,497	25,056
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	88,977	161,909
Temporarily restricted	45,000	-
Permanently restricted	-	-
Total net assets	133,977	161,909
Total liabilities and net assets	\$ 144,474	\$ 186,965

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Support and Revenues:		
Unrestricted:		
Contributions	\$ 389,315	\$ 405,233
Contributions in-kind	5,000	5,000
Interest and other income	3,236	2,018
Temporarily Restricted:		
Contributions	45,000	-
Total support and revenues	<u>442,551</u>	<u>412,251</u>
Expenses:		
Program Expenses:		
Varied intern partnerships	383,263	366,052
Total program expenses	<u>383,263</u>	<u>366,052</u>
Management and general	63,931	57,036
Fundraising	23,289	15,467
Total expenses	<u>470,483</u>	<u>438,555</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	(72,932)	(26,304)
Temporarily restricted	45,000	-
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>(27,932)</u>	<u>(26,304)</u>
Net assets, beginning of year	<u>161,909</u>	<u>188,213</u>
Net assets, end of year	<u>\$ 133,977</u>	<u>\$ 161,909</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (27,932)	\$ (26,304)
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	8,124	8,975
Changes in assets and liabilities:		
Accrued expenses	(14,559)	7,796
Prepaid expenses	(361)	(1,107)
Grants and contributions receivable	5,171	9,216
Net cash provided/(used) by operating activities	<u>(29,557)</u>	<u>(1,424)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(1,749)
Net cash provided/(used) by investing activities	<u>-</u>	<u>(1,749)</u>
Cash flows from financing activities:	-	-
Net increase/(decrease) in cash and cash equivalents	(29,557)	(3,173)
Cash and cash equivalents, at beginning of year	<u>143,588</u>	<u>146,761</u>
Cash and cash equivalents, at end of year	<u>\$ 114,031</u>	<u>\$ 143,588</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007**

Program	2008			Total Expenses	2007 Total Expenses
	Varied Intern Partnerships	Supporting Management & General	Fundraising		
Staff salaries	\$ 172,994	\$ 21,635	\$ 21,634	\$ 216,263	\$ 155,605
Intern salaries	76,447	-	-	76,447	68,134
Payroll taxes & benefits	36,587	1,655	1,655	39,897	27,797
Consultants	45,515	960	-	46,475	98,712
Depreciation	8,124	-	-	8,124	8,975
Equipment rental	4,791	-	-	4,791	3,238
Insurance	-	4,056	-	4,056	6,184
Office expenses	2,613	13,499	-	16,112	7,244
Printing	-	3,461	-	3,461	2,502
Postage	-	2,205	-	2,205	2,036
Professional fees	-	11,460	-	11,460	13,204
Recruitment & staff development	-	-	-	-	3,000
Rent & utilities	32,551	5,000	-	37,551	37,274
Telephone	3,641	-	-	3,641	4,650
Total expenses	\$ 383,263	\$ 63,931	\$ 23,289	\$ 470,483	\$ 438,555

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 Varied Intern Partnerships 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.

The Organization presents its financial statements using SFAS No.117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No.117, 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. All temporarily restricted contributions were for the Varied Internship Program to support the subsequent fiscal year.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cash	\$ 42,964	\$ 98,320
Money funds	<u>71,067</u>	<u>45,268</u>
	<u>\$ 114,031</u>	<u>\$ 143,588</u>

Note 3 - Commitments and Contingencies

The Organization maintains its checking and money market accounts with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended June 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Institution balances	\$115,151	\$147,378
Less: Amounts covered	<u>(100,000)</u>	<u>(100,000)</u>
Uninsured amounts	<u>\$ 15,151</u>	<u>\$ 47,378</u>

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

Note 3 - Commitments and Contingencies (Continued)

The Organization leases office space under various noncancelable operating leases. As of June 30, 2008 minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2009	\$ 30,000
2010	30,000
2011	30,000
2012	27,500

Total rent expense charged to operations for the years ended June 30, 2008 and 2007 was \$30,000 and \$30,000, respectively.

Note 4 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Equipment	\$ 12,058	\$ 12,058
Leasehold improvements	<u>69,715</u>	<u>69,715</u>
	81,773	81,773
Less: Accumulated depreciation and amortization	<u>(56,211)</u>	<u>(48,087)</u>
	<u>\$ 25,562</u>	<u>\$ 33,686</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, 2008 and 2007, Alliance for Downtown NY provided free office space with fair market values of \$5,000 and \$5,000, respectively.

**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 \$23,289 for 2008 and \$15,467 for 2007. The total joint costs were allocated for the years ended June 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Program expenses	\$ 46,579	\$ 50,965
Management and general	23,290	15,468
Fundraising	<u>23,289</u>	<u>15,467</u>
Total joint costs	<u>\$ 93,158</u>	<u>\$ 81,900</u>