

**FUTURES AND OPTIONS, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2009 AND 2008**

# 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 statements of financial position of Futures and Options, Inc. as of June 30, 2009 and 2008, 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, 2009 and 2008, and the results of its activities and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

November 13, 2009

*Skody Scot & Company, CPAs, PC*

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ 166,065	\$ 114,031
Contribution and stipend receivables	19,118	-
Prepaid expenses	4,154	4,881
Property and equipment, net	24,102	25,562
Total assets	<u>\$ 213,439</u>	<u>\$ 144,474</u>

<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 35,981	\$ 10,497
Total liabilities	<u>35,981</u>	<u>10,497</u>
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	124,369	88,977
Temporarily restricted	53,089	45,000
Permanently restricted	-	-
Total net assets	<u>177,458</u>	<u>133,977</u>
Total liabilities and net assets	<u>\$ 213,439</u>	<u>\$ 144,474</u>

**See accompanying notes to financial statements.**

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Support and Revenues:		
Unrestricted:		
Contributions	\$ 518,294	\$ 389,315
Contributions in-kind	5,000	5,000
Program service revenue	975	-
Interest and other income	1,338	3,236
Release of prior year restrictions	45,000	-
Temporarily Restricted:		
Contributions	53,089	45,000
Release of prior years restrictions	(45,000)	-
Total support and revenues	<u>578,696</u>	<u>442,551</u>
Expenses:		
Program Expenses:		
Career development	408,594	383,263
Total program expenses	<u>408,594</u>	<u>383,263</u>
Management and general	91,059	63,931
Fundraising	35,562	23,289
Total expenses	<u>535,215</u>	<u>470,483</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	35,392	(72,932)
Temporarily restricted	8,089	45,000
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>43,481</u>	<u>(27,932)</u>
Net assets, beginning of year	<u>133,977</u>	<u>161,909</u>
Net assets, end of year	<u>\$ 177,458</u>	<u>\$ 133,977</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 43,481	\$ (27,932)
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	10,780	8,124
Changes in assets and liabilities:		
Accrued expenses	25,484	(14,559)
Prepaid expenses	727	(361)
Contribution and stipend receivables	(19,118)	5,171
Net cash provided/(used) by operating activities	<u>61,354</u>	<u>(29,557)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(9,320)	-
Net cash provided/(used) by investing activities	<u>(9,320)</u>	<u>-</u>
Cash flows from financing activities:	-	-
Net increase/(decrease) in cash and cash equivalents	52,034	(29,557)
Cash, at beginning of year	<u>114,031</u>	<u>143,588</u>
Cash, at end of year	<u>\$ 166,065</u>	<u>\$ 114,031</u>

See accompanying notes to financial statements.

**FUTURES AND OPTIONS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008**

	2009			2008	
	Program	Supporting		Total Expenses	Total Expenses
	Career Development	Management & General	Fundraising		
Staff salaries	\$ 204,506	\$ 38,720	\$ 33,035	\$ 276,261	\$ 216,263
Intern salaries	85,250	-	-	85,250	76,447
Payroll taxes & benefits	44,005	3,028	2,527	49,560	39,897
Consultants	2,050	14,281	-	16,331	46,475
Depreciation	10,780	-	-	10,780	8,124
Equipment rental	3,618	687	-	4,305	4,791
Insurance	-	4,335	-	4,335	4,056
Office expenses	8,410	8,230	-	16,640	16,112
Printing	1,325	1,457	-	2,782	3,461
Postage	625	644	-	1,269	2,205
Professional fees	-	11,944	-	11,944	11,460
Program supplies & expenses	9,011	-	-	9,011	-
Recruitment & staff training	-	478	-	478	-
Rent & utilities	33,158	5,000	-	38,158	37,551
Stipends	3,600	-	-	3,600	-
Telephone & communications	2,256	2,255	-	4,511	3,641
Total expenses	<u>\$ 408,594</u>	<u>\$ 91,059</u>	<u>\$ 35,562</u>	<u>\$ 535,215</u>	<u>\$ 470,483</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

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.

In accordance with GAAP (formerly SFAS No.117, *Financial Statements of Not-For-Profit Organizations*) 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.



**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 - 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, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Institution balances	\$169,469	\$115,151
Less: Amounts covered	<u>(169,469)</u>	<u>(100,000)</u>
Uninsured amounts	<u>\$ -</u>	<u>\$ 15,151</u>

The Organization leases office space under various noncancelable operating leases. As of June 30, 2009 minimum aggregate annual rental commitments are as follows:

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

Total rent expense charged to operations for the years ended June 30, 2009 and 2008 was \$30,000 and \$30,000, respectively.

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

**Note 3 - Property and Equipment**

Property and equipment by major class consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 21,378	\$ 12,058
Leasehold improvements	<u>69,715</u>	<u>69,715</u>
	91,093	81,773
Less: Accumulated depreciation and amortization	<u>(66,991)</u>	<u>(46,211)</u>
	<u>\$ 24,102</u>	<u>\$ 25,562</u>

**Note 4 - 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, 2009 and 2008, Alliance for Downtown NY provided free office space with fair market values of \$5,000 and \$5,000, respectively.

In addition to grant-funded internship salaries reflected in the Statement of Functional Expenses, approximately 85 interns were paid directly by private and nonprofit organizations, which amount to \$200,000 in direct stipends. These direct stipends are not included in the financial statements.

**Note 5 - 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 \$35,562 for 2009 and \$23,289 for 2008. The total joint costs were allocated for the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Program expenses	\$ 85,346	\$ 46,579
Management and general	21,336	23,290
Fundraising	<u>35,562</u>	<u>23,289</u>
Total joint costs	<u>\$142,244</u>	<u>\$ 93,158</u>

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

**Note 6 – Restricted Assets**

As of June 30, 2009 and 2008 contributions are restricted for the following activities:

	<u>2009</u>	<u>2008</u>
Career development	\$ 30,000	\$ 45,000
Development associate	<u>23,089</u>	<u>-</u>
Total joint costs	<u>\$ 53,089</u>	<u>\$ 45,000</u>