

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

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, 2020 and 2019, and the related statements of activities, expenses, and cash flows 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, 2020 and 2019, 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 29, 2020

Skody Scot & Company, CPAs, P.C.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 1,121,831	\$ 691,995
Program revenue and other receivables	257,980	185,577
Contributions receivable	127,638	337,245
Government grants receivable	-	45,684
Prepaid expenses	62,135	105,609
Property and equipment, net	26,572	29,618
	\$ 1,596,156	\$ 1,395,728
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 38,820	\$ 19,562
Deferred income	159,235	71,100
Total liabilities	198,055	90,662
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	1,126,949	538,549
With donor restrictions	271,152	766,517
Total net assets	1,398,101	1,305,066
Total liabilities and net assets	\$ 1,596,156	\$ 1,395,728

See accompanying notes to the financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Special Event:						
Event revenue	\$ 1,517,111	\$ -	\$ 1,517,111	\$ 1,060,683	\$ -	\$ 1,060,683
Less: event expenses	(184,316)	-	(184,316)	(187,570)	-	(187,570)
Net special event income	1,332,795	-	1,332,795	873,113	-	873,113
Contributions	612,701	221,445	834,146	768,851	731,750	1,500,601
Contributions in-kind	351,851	-	351,851	-	-	-
Program service revenue	1,160,517	-	1,160,517	792,094	-	792,094
Government grants	37,300	-	37,300	47,046	-	47,046
Interest income	309	-	309	261	-	261
Net assets released from restriction:						
Satisfaction of purpose restrictions	716,810	(716,810)	-	406,195	(406,195)	-
Total support and revenues	4,212,283	(495,365)	3,716,918	2,887,560	325,555	3,213,115
Expenses:						
Program Expenses:						
Career development - intern wages / stipends	672,269	-	672,269	659,428	-	659,428
Career development - other	2,243,655	-	2,243,655	1,721,771	-	1,721,771
Total program expenses	2,915,924	-	2,915,924	2,381,199	-	2,381,199
Management and general	532,749	-	532,749	376,209	-	376,209
Fundraising	175,210	-	175,210	170,214	-	170,214
Total expenses	3,623,883	-	3,623,883	2,927,622	-	2,927,622
Increase/(decrease) in net assets	588,400	(495,365)	93,035	(40,062)	325,555	285,493
Net assets, beginning of year	538,549	766,517	1,305,066	578,611	440,962	1,019,573
Net assets, end of year	\$ 1,126,949	\$ 271,152	\$ 1,398,101	\$ 538,549	\$ 766,517	\$ 1,305,066

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020

	Program	Supporting		Total Expenses
	Career Development	Management & General	Fundraising	
Staff salaries	\$ 1,191,585	\$ 178,387	\$ 119,309	\$ 1,489,281
Intern wages	665,004	-	-	665,004
Payroll taxes & benefits	270,541	28,498	16,623	315,662
Stipends, Career Essentials	7,265	-	-	7,265
Consultants	405,849	226,925	18,048	650,822
Depreciation	15,617	2,314	1,350	19,281
Equipment rental	5,438	806	470	6,714
Insurance	-	10,937	-	10,937
Marketing & development	2,479	1,028	13,749	17,256
Office expenses	18,849	8,639	1,629	29,117
Printing	14,105	1,695	697	16,497
Postage	6,872	627	1,826	9,325
Professional fees	39,851	15,462	-	55,313
Program expenses	40,136	-	-	40,136
Recruitment & staff training	8,075	7,978	930	16,983
Rent & utilities	215,057	42,751	-	257,808
Repairs & maintenance	-	5,709	-	5,709
College scholarships	2,500	-	-	2,500
Telephone & communications	6,701	993	579	8,273
Total expenses	<u>\$ 2,915,924</u>	<u>\$ 532,749</u>	<u>\$ 175,210</u>	<u>\$ 3,623,883</u>

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>Supporting</u>		Total Expenses
	Career Development	Management & General	Fundraising	
Staff salaries	\$ 1,041,696	\$ 156,255	\$ 104,170	\$ 1,302,121
Intern wages	648,793	-	-	648,793
Payroll taxes & benefits	216,863	23,531	15,687	256,081
Stipends, Career Essentials	10,635	-	-	10,635
Consultants	168,546	71,013	35,700	275,259
Depreciation	8,411	2,103	-	10,514
Equipment rental	-	7,601	-	7,601
Insurance	-	3,624	-	3,624
Marketing & development	1,075	9,674	10,750	21,499
Office expenses	9,858	32,345	910	43,113
Printing	-	5,099	-	5,099
Postage	311	2,794	-	3,105
Professional fees	-	14,000	-	14,000
Program expenses	85,663	-	-	85,663
Recruitment & staff training	7,660	2,554	-	10,214
Rent & utilities	166,438	41,610	-	208,048
Repairs & maintenance	-	2,443	-	2,443
College scholarships	9,000	-	-	9,000
Telephone & communications	6,250	1,563	-	7,813
Travel & meetings	-	-	2,997	2,997
Total expenses	<u>\$ 2,381,199</u>	<u>\$ 376,209</u>	<u>\$ 170,214</u>	<u>\$ 2,927,622</u>

See accompanying notes to the financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 93,035	\$ 285,493
Adjustments for non-cash items included in operating activities:		
Depreciation	19,281	10,514
Changes in assets and liabilities:		
Accounts payable and accrued expenses	19,258	(4,989)
Deferred income	88,135	(222,128)
Prepaid expenses	43,474	(8,550)
Program revenue and other receivables	(72,403)	(103,245)
Contributions receivable	209,607	(243,068)
Government grants receivable	45,684	(5,404)
Net cash provided/(used) by operating activities	<u>446,071</u>	<u>(291,377)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(16,235)	-
Net cash provided/(used) by investing activities	<u>(16,235)</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	429,836	(291,377)
Cash, at beginning of year	<u>691,995</u>	<u>983,372</u>
Cash, at end of year	<u>\$ 1,121,831</u>	<u>\$ 691,995</u>

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.

Change in Accounting Principle

On July 1, 2019, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

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.

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

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 statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries, payroll taxes and benefits, consultants, and professional fees based on estimated time and effort. Other expenses, such as postage, printing, depreciation, recruitment and training, marketing and development, office expenses, rent and utilities, and telephone and communications, are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Certain government grants are conditioned upon the incurrence of allowable qualifying expenses in compliance with specific grant provisions. At June 30, 2020 and 2019, government grants totaling \$0 and \$37,300, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not been met. At June 30, 2020 and 2019, the Organization did not have any other conditional pledges that were not recognized.

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 revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of internship and career development program management fees and intern wage reimbursements. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

**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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 83,469	\$ 70,986
Furniture and fixtures	13,422	12,846
Leasehold improvements	<u>13,965</u>	<u>10,789</u>
	110,856	94,621
Less: Accumulated depreciation	<u>(84,284)</u>	<u>(65,003)</u>
	<u>\$ 26,572</u>	<u>\$ 29,618</u>

Note 3 - Concentrations

The Organization maintains its checking and savings accounts with financial institutions. 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, 2020 and 2019.

Note 4 - Commitments and Contingencies

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. During fiscal year 2020, the Organization entered into a license agreement with its lessor for additional storage 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, 2020, the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2021	\$ 196,651
2022	204,143
2023	51,028

Total rent and utilities expense charged to operations for the years ended June 30, 2020 and 2019, was \$257,808 and \$208,048, respectively.

Note 5 - Net Assets With Donor Restrictions

As of June 30, 2020 and 2019, net assets with donor restrictions are available as follows:

	<u>2020</u>	<u>2019</u>
Career development programs	\$ 171,476	\$ 494,250
College scholarships	17,500	12,500
Consultants: curriculum, staff training	19,467	49,767
Expansion feasibility study	-	200,000
Office equipment	4,209	10,000
Fiscal year 2021 activities	<u>58,500</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 271,152</u>	<u>\$ 766,517</u>

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

Note 6 - 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 statements of expenses. In addition, approximately 454 and 303 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2020 and 2019, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Grant funded, paid by the Organization	\$ 724,117	\$ 708,786
Directly placed, paid by other entities	<u>860,220</u>	<u>693,398</u>
Total internship activities	<u>\$1,584,337</u>	<u>\$1,402,184</u>

Note 7 - Donated Services

Significant services were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statements of activities for the years ended June 30, 2020 and 2019, amounted to \$351,851 and \$0, respectively. Contributions in-kind consisted of donated strategy consulting and legal services. The donated strategy consulting was provided by an entity related to a board member.

Note 8 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Internship and career development program management fees	\$ 805,205	\$ 459,132
Intern wage reimbursements	355,312	316,527
Direct program expense reimbursements	-	16,435
Special event revenue - exchange component	184,316	187,570

At June 30, 2020 and 2019, \$159,235 and \$71,100, respectively, was recorded as deferred income from revenue relating to contracts with customers.

Note 9 - Government Grants

The Organization was awarded various grants by The City of New York. Total revenue recognized under the grants amounted to \$37,300 and \$47,046 during the years ended June 30, 2020 and 2019, respectively.

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

Note 10 - Line of Credit

In August 2019, the Organization opened a \$250,000 revolving line of credit secured by all assets of the Organization. Interest is charged at an annual rate of 1.35% above the bank's prime rate. The line of credit was not used during the year ended June 30, 2020.

Note 11 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. In the event of an unanticipated liquidity need, the Organization, as of June 30, 2020, could draw upon \$250,000 of an available line of credit (as further discussed in Note 10).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$1,121,831	\$ 691,995
Receivables	<u>385,618</u>	<u>568,506</u>
Total financial assets	1,507,449	1,260,501
Less those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,507,449</u>	<u>\$1,260,501</u>

Note 12 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 29, 2020, which is the date the financial statements were available to be issued.