

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, 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
September 15, 2021

Skody Scot & Company, CPAs, P.C.

FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash	\$ 1,995,928	\$ 1,105,404
Cash - restricted for letter of credit	16,427	16,427
Program revenue and other receivables	64,299	257,980
Contributions receivable	165,412	127,638
Prepaid expenses	115,649	62,135
Property and equipment, net	11,713	26,572
	\$ 2,369,428	\$ 1,596,156
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 59,075	\$ 38,820
Deferred income	123,430	159,235
Refundable advance	449,797	-
Total liabilities	632,302	198,055
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	1,385,626	1,126,949
With donor restrictions	351,500	271,152
Total net assets	1,737,126	1,398,101
Total liabilities and net assets	\$ 2,369,428	\$ 1,596,156

See accompanying notes to the financial statements.

**FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Special events:						
Event revenue	\$ 1,242,487	-	\$ 1,242,487	\$ 1,517,111	-	\$ 1,517,111
Less: event expenses	(29,116)	-	(29,116)	(184,316)	-	(184,316)
Net special event income	1,213,371	-	1,213,371	1,332,795	-	1,332,795
Contributions	421,640	332,300	753,940	612,701	221,445	834,146
Contributions in-kind	30,220	-	30,220	351,851	-	351,851
Program service revenue	538,848	-	538,848	1,160,517	-	1,160,517
Government grants	456,810	-	456,810	37,300	-	37,300
Interest income	208	-	208	309	-	309
Net assets released from restriction:						
Satisfaction of purpose restrictions	193,452	(193,452)	-	716,810	(716,810)	-
Expiration of time restrictions	58,500	(58,500)	-	-	-	-
Total net assets released from restriction	251,952	(251,952)	-	716,810	(716,810)	-
Total support and revenues	2,913,049	80,348	2,993,397	4,212,283	(495,365)	3,716,918
Expenses:						
Program expenses:						
Career development - intern wages / stipends	442,662	-	442,662	672,269	-	672,269
Career development - other	1,621,478	-	1,621,478	2,243,655	-	2,243,655
Total program expenses	2,064,140	-	2,064,140	2,915,924	-	2,915,924
Management and general	384,082	-	384,082	532,749	-	532,749
Fundraising	206,150	-	206,150	175,210	-	175,210
Total expenses	2,654,372	-	2,654,372	3,623,883	-	3,623,883
Increase/(decrease) in net assets	258,677	80,348	339,025	588,400	(495,365)	93,035
Net assets, beginning of year	1,126,949	271,152	1,398,101	538,549	766,517	1,305,066
Net assets, end of year	\$ 1,385,626	\$ 351,500	\$ 1,737,126	\$ 1,126,949	\$ 271,152	\$ 1,398,101

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program</u>	<u>Supporting</u>		Total Expenses
	Career Development	Management & General	Fundraising	
Staff salaries	\$ 977,685	\$ 201,301	\$ 131,337	\$ 1,310,323
Intern wages	323,027	-	-	323,027
Payroll taxes & benefits	204,512	35,711	23,797	264,020
Stipends	119,635	-	-	119,635
College scholarships	129,000	-	-	129,000
Consultants	78,646	44,050	21,417	144,113
Depreciation	10,832	2,437	1,590	14,859
Equipment rental	4,025	905	591	5,521
Insurance	-	10,378	-	10,378
Marketing & development	3,905	1,582	8,416	13,903
Office expenses	12,871	5,295	1,858	20,024
Printing	4,282	963	11,518	16,763
Postage	342	55	4,803	5,200
Professional fees	-	30,330	-	30,330
Program expenses	5,578	210	-	5,788
Recruitment & staff training	3,520	1,276	355	5,151
Rent & utilities	178,104	44,526	-	222,630
Repairs & maintenance	4,987	4,346	-	9,333
Telephone & communications	3,189	717	468	4,374
Total expenses	<u>\$ 2,064,140</u>	<u>\$ 384,082</u>	<u>\$ 206,150</u>	<u>\$ 2,654,372</u>

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	7,265	-	-	7,265
College scholarships	2,500	-	-	2,500
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
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 339,025	\$ 93,035
Adjustments for non-cash items included in operating activities:		
Depreciation	14,859	19,281
Changes in assets and liabilities:		
Accounts payable and accrued expenses	20,255	19,258
Deferred income	(35,805)	88,135
Refundable advance	449,797	-
Prepaid expenses	(53,514)	43,474
Program revenue and other receivables	193,681	(72,403)
Contributions receivable	(37,774)	209,607
Government grants receivable	-	45,684
Net cash provided/(used) by operating activities	<u>890,524</u>	<u>446,071</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(16,235)
Net cash provided/(used) by investing activities	<u>-</u>	<u>(16,235)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and restricted cash	890,524	429,836
Cash and restricted cash, at beginning of year	<u>1,121,831</u>	<u>691,995</u>
Cash and restricted cash, at end of year	<u>\$ 2,012,355</u>	<u>\$ 1,121,831</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, program service revenue, and 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.

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.

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)

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.

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. Amounts received prior to meeting these conditions, if any, are reported as refundable advances in the statements of financial position. At June 30, 2021 and 2020, the Organization did not have any 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 for a purpose 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.

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 and scholarship 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.

During the year ended June 30, 2021, the Organization received \$456,810 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount has been recognized as revenue. The amount is included with government grants in the statement of activities for the year ended June 30, 2021.

During the year ended June 30, 2021, the Organization received an additional \$449,797 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were not met by year-end. Therefore, recognition has been deferred. The amount is reported as a refundable advance in the statement of financial position for the year ended June 30, 2021.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 83,469	\$ 83,469
Furniture and fixtures	13,422	13,422
Leasehold improvements	<u>13,965</u>	<u>13,965</u>
	110,856	110,856
Less: Accumulated depreciation	<u>(99,143)</u>	<u>(84,284)</u>
	<u>\$ 11,713</u>	<u>\$ 26,572</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, 2021 and 2020.

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, 2021, the minimum aggregate annual rental commitments are as follows:

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

Total rent and utilities expense charged to operations for the years ended June 30, 2021 and 2020, was \$222,630 and \$257,808, respectively.

Note 5 - Net Assets With Donor Restrictions

As of June 30, 2021 and 2020, net assets with donor restrictions are available as follows:

	<u>2021</u>	<u>2020</u>
Career development programs	\$ 318,800	\$ 171,476
College scholarships	19,500	17,500
Consultants: curriculum	9,700	19,467
Office equipment	-	4,209
Fiscal year 2021 activities	-	58,500
Fiscal year 2022 activities	<u>3,500</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 351,500</u>	<u>\$ 271,152</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 philanthropic, corporate, and government grants and contracts. The grant and contract funded internship salaries are reflected in the statements of expenses. In addition, approximately 11 and 454 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2021 and 2020, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Grant/contract funded, paid by the Organization	\$ 353,121	\$ 724,117
Directly placed, paid by other entities	20,250	860,220
Total internship activities	<u>\$ 373,371</u>	<u>\$1,584,337</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, 2021 and 2020, amounted to \$30,220 and \$351,851, respectively. Contributions in-kind consisted of donated strategy consulting, legal services, and other consulting services. The donated strategy consulting from fiscal year 2020 was provided by an entity related to a board member.

Note 8 - Government Grants

The Organization was awarded grants by the U.S. Small Business Administration and the City of New York. Total revenue recognized under the grants amounted to \$456,810 and \$37,300 during the years ended June 30, 2021 and 2020, respectively.

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

Note 9 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended June 30, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Internship and career development program management fees	\$ 186,420	\$ 805,205
Intern wage and scholarship reimbursements	352,428	355,312
Special event revenue - exchange component	29,116	184,316

The following table provides information about significant changes in the contract liabilities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred management fees and intern wage reimbursements, beginning of year	\$ 159,235	\$ 71,100
Revenue recognized that was included in deferred income at beginning of year	(105,355)	(31,805)
Increases in deferred fees and reimbursements due to cash received during the period	<u>69,550</u>	<u>119,940</u>
Deferred management fees and intern wage reimbursements, end of the year	<u>\$ 123,430</u>	<u>\$ 159,235</u>

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 years ended June 30, 2021 and 2020.

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

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 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, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$2,012,355	\$1,121,831
Receivables	<u>229,711</u>	<u>385,618</u>
Total financial assets	2,242,066	1,507,449
Less those unavailable for general expenditures within one year:		
Cash - restricted for letter of credit	(<u>16,427</u>)	(<u>16,427</u>)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,225,639</u>	<u>\$1,491,022</u>

Note 12 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 15, 2021, which is the date the financial statements were available to be issued.