

FUTURES AND OPTIONS, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2022 AND 2021

FUTURES AND OPTIONS, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Futures and Options, Inc.

Opinion

We have audited the financial statements of Futures and Options, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Futures and Options, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Futures and Options, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Futures and Options, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Futures and Options, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Futures and Options, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Skody Scot & Company, CPAs, P.C.

New York, NY
December 13, 2022

FUTURES AND OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	\$ 2,860,586	\$ 1,995,928
Cash - restricted for letter of credit	16,427	16,427
Program revenue and other receivables	46,190	64,299
Contributions receivable	264,990	165,412
Prepaid expenses	101,504	115,649
Property and equipment, net	10,189	11,713
Total assets	\$ 3,299,886	\$ 2,369,428
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 86,621	\$ 59,075
Deferred income	30,012	123,430
Refundable advance	-	449,797
Total liabilities	116,633	632,302
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	2,638,031	1,385,626
With donor restrictions	545,222	351,500
Total net assets	3,183,253	1,737,126
Total liabilities and net assets	\$ 3,299,886	\$ 2,369,428

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Special events:						
Event revenue	\$ 1,836,346	\$ -	\$ 1,836,346	\$ 1,242,487	\$ -	\$ 1,242,487
Less: event expenses	(195,238)	-	(195,238)	(29,116)	-	(29,116)
Net special event income	1,641,108	-	1,641,108	1,213,371	-	1,213,371
Contributions	709,542	535,222	1,244,764	421,640	332,300	753,940
Contributions in-kind	133,874	-	133,874	30,220	-	30,220
Program service revenue	739,805	-	739,805	538,848	-	538,848
Government grants	796,977	-	796,977	456,810	-	456,810
Interest income	14,780	-	14,780	208	-	208
Net assets released from restriction:						
Satisfaction of purpose restrictions	338,000	(338,000)	-	193,452	(193,452)	-
Expiration of time restrictions	3,500	(3,500)	-	58,500	(58,500)	-
Total support and revenues	<u>4,377,586</u>	<u>193,722</u>	<u>4,571,308</u>	<u>2,913,049</u>	<u>80,348</u>	<u>2,993,397</u>
Expenses:						
Program expenses:						
Career development - intern wages / stipends	555,174	-	555,174	442,662	-	442,662
Career development - other	1,775,882	-	1,775,882	1,621,478	-	1,621,478
Total program expenses	2,331,056	-	2,331,056	2,064,140	-	2,064,140
Management and general	558,058	-	558,058	384,082	-	384,082
Fundraising	236,067	-	236,067	206,150	-	206,150
Total expenses	<u>3,125,181</u>	<u>-</u>	<u>3,125,181</u>	<u>2,654,372</u>	<u>-</u>	<u>2,654,372</u>
Increase/(decrease) in net assets	1,252,405	193,722	1,446,127	258,677	80,348	339,025
Net assets, beginning of year	1,385,626	351,500	1,737,126	1,126,949	271,152	1,398,101
Net assets, end of year	<u>\$ 2,638,031</u>	<u>\$ 545,222</u>	<u>\$ 3,183,253</u>	<u>\$ 1,385,626</u>	<u>\$ 351,500</u>	<u>\$ 1,737,126</u>

See accompanying notes to the financial statements.

FUTURES AND OPTIONS, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022

	Program	Supporting		Total Expenses
	Career Development	Management & General	Fundraising	
Staff salaries	\$ 1,099,841	\$ 236,827	\$ 189,111	\$ 1,525,779
Intern wages	391,829	-	-	391,829
Payroll taxes & benefits	215,029	37,266	30,125	282,420
Stipends	163,345	-	-	163,345
College scholarships	142,500	-	-	142,500
Consultants	80,379	47,853	8,527	136,759
Depreciation and amortization	5,926	1,299	1,051	8,276
Equipment rental	3,884	852	689	5,425
Insurance	-	11,183	-	11,183
Marketing & development	12,197	2,746	2,164	17,107
Office expenses	6,732	28,577	1,105	36,414
Printing	7,356	1,613	1,305	10,274
Postage	1,261	277	224	1,762
Professional fees	451	139,248	80	139,779
Program expenses	4,569	-	-	4,569
Recruitment & staff training	18,836	1,326	1,203	21,365
Rent & utilities	174,202	43,808	-	218,010
Repairs & maintenance	-	4,587	-	4,587
Telephone & communications	2,719	596	483	3,798
Total expenses	<u>\$ 2,331,056</u>	<u>\$ 558,058</u>	<u>\$ 236,067</u>	<u>\$ 3,125,181</u>

See accompanying notes to the financial statements.

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

	Program	Supporting		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 and amortization	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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 1,446,127	\$ 339,025
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	8,276	14,859
Changes in assets and liabilities:		
Program revenue and other receivables	18,109	193,681
Contributions receivable	(99,578)	(37,774)
Prepaid expenses	14,145	(53,514)
Accounts payable and accrued expenses	27,546	20,255
Deferred income	(93,418)	(35,805)
Refundable advance	(449,797)	449,797
Net cash provided/(used) by operating activities	<u>871,410</u>	<u>890,524</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,752)	-
Net cash provided/(used) by investing activities	<u>(6,752)</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and restricted cash	864,658	890,524
Cash and restricted cash, at beginning of year	<u>2,012,355</u>	<u>1,121,831</u>
Cash and restricted cash, at end of year	<u><u>\$ 2,877,013</u></u>	<u><u>\$ 2,012,355</u></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 and amortization. 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 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.

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.

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, or unconditional promises to give are received. Nonfinancial assets are valued based upon the type of asset that is 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, 2022 and 2021, 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 support 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 support 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 and scholarship reimbursements. The Organization recognizes program service revenue as follows:

- Program management fees: The revenue is recognized at the end of each program period when all performance obligations have been satisfied.
- Intern wage and scholarship reimbursements: The revenue is recognized as the related reimbursable expenses are incurred.

Any program service revenue received which has not been earned is recorded as deferred income.

FUTURES AND OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

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 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 was 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 determined that the correct model to follow is the grant model. At June 30, 2021, the amount was recorded as a refundable advance in the statement of financial position since the conditions imposed on the grant were not met. During the year ended June 30, 2022, the grant conditions were met and, therefore, the full amount was recognized as revenue. The amount is included with government grants in the statement of activities for the year ended June 30, 2022.

During the year ended June 30, 2022, the Organization was awarded \$347,180 of employee retention credits from the U.S. Treasury. The amounts are included with government grants in the statement of activities for the year ended June 30, 2022.

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, and consultants based on estimated time and effort. Other expenses, such as equipment rental, postage, printing, depreciation and amortization, 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 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 90,221	\$ 83,469
Furniture and fixtures	13,422	13,422
Leasehold improvements	13,965	13,965
	117,608	110,856
Less: Accumulated depreciation and amortization	(107,419)	(99,143)
	\$ 10,189	\$ 11,713

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, 2022 and 2021.

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, 2022, the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2023	\$ 51,028
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The Organization is in the process of negotiating a lease for new office space. Total rent and utilities expense charged to operations for the years ended June 30, 2022 and 2021, was \$218,010 and \$222,630, respectively.

Note 5 - Net Assets With Donor Restrictions

As of June 30, 2022 and 2021, net assets with donor restrictions are available as follows:

	<u>2022</u>	<u>2021</u>
Career development programs	\$ 332,445	\$ 318,800
College scholarships	41,717	19,500
Consultants: curriculum	-	9,700
Data and evaluation project	153,560	-
Fiscal year 2022 activities	-	3,500
Fiscal year 2023 activities	17,500	-
Total net assets with donor restrictions	\$ 545,222	\$ 351,500

**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 25 and 11 interns were paid directly by private and nonprofit organizations during the years ended June 30, 2022 and 2021, respectively. These directly-placed salaried positions are not included in the financial statements. The total internship activities for the years ended June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Grant/contract funded, paid by the Organization	\$ 432,086	\$ 353,121
Directly placed, paid by other entities	<u>81,648</u>	<u>20,250</u>
Total internship activities	<u>\$ 513,734</u>	<u>\$ 373,371</u>

Note 7 - Contributions In-Kind

The Organization received contributions in-kind that meet the criteria for being recognized in accordance with GAAP. For the years ended June 30, 2022 and 2021, amounts recognized in the statements of activities are as follows:

	<u>2022</u>	<u>2021</u>
Legal services – various administrative legal matters	\$ 133,474	\$ 15,720
Accounting services – administrative matters	400	-
Design services – used for fundraising functions	<u>-</u>	<u>14,500</u>
Total contributions in-kind	<u>\$ 133,874</u>	<u>\$ 30,220</u>

The contributions in-kind received during the years ended June 30, 2022 and 2021, did not have any donor-imposed restrictions. A portion of the donated legal services from fiscal year 2022 was provided by an entity related to a board member.

The valuation techniques used by the Organization for each contribution in-kind received are as follows:

- Legal services - the fair value is estimated using current rates for similar legal services.
- Accounting services - the fair value is estimated using current rates for similar accounting services.
- Design services - the fair value is estimated using current rates for similar services.

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

Note 8 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Internship and career development program management fees	\$ 265,938	\$ 186,420
Intern wage and scholarship reimbursements	473,867	352,428
Special event revenue - exchange component	195,238	29,116

The following table provides information about significant changes in the contract liabilities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred management fees and intern wage reimbursements, beginning of year	\$ 123,430	\$ 159,235
Revenue recognized that was included in deferred income at beginning of year	(101,020)	(105,355)
Increases in deferred fees and reimbursements due to cash received during the period	<u>7,602</u>	<u>69,550</u>
Deferred management fees and intern wage reimbursements, end of the year	<u>\$ 30,012</u>	<u>\$ 123,430</u>

Note 9 - 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, 2022 and 2021.

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

Note 10 - 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 9).

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, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 2,877,013	\$ 2,012,355
Receivables	<u>311,180</u>	<u>229,711</u>
Total financial assets	3,188,193	2,242,066
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>\$ 3,171,766</u>	<u>\$ 2,225,639</u>

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 13, 2022, which is the date the financial statements were available to be issued. In fiscal year 2023, the Organization adopted a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code.