

PHILADELPHIA FUTURES

FINANCIAL STATEMENTS

JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR JUNE 30, 2014)

PHILADELPHIA FUTURES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Philadelphia Futures
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Philadelphia Futures (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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 from 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 Philadelphia Futures as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Philadelphia Futures
(Continued)

Report on Summarized Comparative Information

We have previously audited Philadelphia Futures' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Myrion Cogen LLP

October 15, 2015

PHILADELPHIA FUTURES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH FINANCIAL INFORMATION FOR JUNE 30, 2014)

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 564,250	\$ 1,225,180
Grants receivable	377,794	391,304
Sponsor-A-Scholar pledges	43,538	37,014
Contributions receivable	45,544	41,145
Contracts receivable	211,165	40,287
Other receivables	4,672	22,861
Deferred rent receivable	3,352	8,766
	<u>1,250,315</u>	<u>1,766,557</u>
NON-CURRENT ASSETS		
Grants receivable, net of current portion	5,000	10,000
Sponsor-A-Scholar pledges, net of current portion	65,822	72,346
Deferred rent receivable, net of current portion	-	3,352
Investments	11,659,569	10,781,965
Property and equipment, net	113,372	93,915
Deposits	5,847	5,847
	<u>11,849,610</u>	<u>10,967,425</u>
TOTAL ASSETS	<u>\$ 13,099,925</u>	<u>\$ 12,733,982</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 117,013	\$ 94,600
Deferred rent payable	13,173	8,309
	<u>130,186</u>	<u>102,909</u>
NON-CURRENT LIABILITIES		
Deferred rent payable, net of current portion	27,966	29,745
	<u>27,966</u>	<u>29,745</u>
TOTAL LIABILITIES	<u>158,152</u>	<u>132,654</u>
NET ASSETS		
UNRESTRICTED	6,980,586	7,421,420
TEMPORARILY RESTRICTED	4,125,821	3,346,022
PERMANENTLY RESTRICTED	<u>1,835,366</u>	<u>1,833,886</u>
TOTAL NET ASSETS	<u>12,941,773</u>	<u>12,601,328</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,099,925</u>	<u>\$ 12,733,982</u>

The accompanying notes are an integral part of these financial statements.

PHILADELPHIA FUTURES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions					
Corporate	\$ 51,830	\$ 1,364,500	\$ -	\$ 1,416,330	\$ 450,631
Foundation	16,610	704,228	10,000	730,838	438,721
Individual	340,074	228,906	300	569,280	1,042,030
Other	36,591	65,602	-	102,193	91,753
Public contracts	318,162	-	-	318,162	136,355
Special event income (net of expenses of \$63,863)	10,670	100,000	-	110,670	98,771
Ellis Trust administration fee	257,178	-	-	257,178	283,170
Investment return designated for current operations	523,524	-	-	523,524	476,502
	<u>1,554,639</u>	<u>2,463,236</u>	<u>10,300</u>	<u>4,028,175</u>	<u>3,017,933</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,683,437</u>	<u>(1,683,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,238,076</u>	<u>779,799</u>	<u>10,300</u>	<u>4,028,175</u>	<u>3,017,933</u>
EXPENSES					
Program	2,404,246	-	-	2,404,246	2,193,454
Administrative	242,674	-	-	242,674	221,162
Fundraising	227,817	-	-	227,817	186,187
Ellis Trust	257,178	-	-	257,178	283,170
TOTAL EXPENSES	<u>3,131,915</u>	<u>-</u>	<u>-</u>	<u>3,131,915</u>	<u>2,883,973</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	106,161	779,799	10,300	896,260	133,960
Investment return not designated for current operations	(546,995)	-	(8,820)	(555,815)	544,125
CHANGE IN NET ASSETS	(440,834)	779,799	1,480	340,445	678,085
NET ASSETS - BEGINNING OF YEAR	<u>7,421,420</u>	<u>3,346,022</u>	<u>1,833,886</u>	<u>12,601,328</u>	<u>11,923,243</u>
NET ASSETS - END OF YEAR	<u>\$ 6,980,586</u>	<u>\$ 4,125,821</u>	<u>\$ 1,835,366</u>	<u>\$ 12,941,773</u>	<u>\$ 12,601,328</u>

The accompanying notes are an integral part of these financial statements.

PHILADELPHIA FUTURES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 340,445	\$ 678,085
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	35,676	32,966
Realized and unrealized (gains) losses on investments	579,720	(251,013)
(Increase) decrease in assets		
Grants receivable	18,510	211,234
Sponsor-A-Scholar pledges	-	(19,697)
Contributions receivable	(4,399)	5,734
Contracts receivable	(170,878)	(32,254)
Other receivables	18,189	(14,694)
Deferred rent receivable	8,766	(12,118)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	22,413	45,806
Deferred rent payable	3,085	(4,812)
	<u>851,527</u>	<u>639,237</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	153,101	175,000
Purchase of investments	(1,610,425)	(1,790,225)
Purchase of furniture and equipment	(55,133)	(28,544)
	<u>(1,512,457)</u>	<u>(1,643,769)</u>
Net cash used in investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(660,930)	(1,004,532)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,225,180</u>	<u>2,229,712</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 564,250</u>	<u>\$ 1,225,180</u>

The accompanying notes are an integral part of these financial statements.

PHILADELPHIA FUTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

	2015										2014 Total
	Program				Total Program	Administrative	Fundraising	Subtotal	Ellis Trust	Total	
	Pre-College Programs	Sponsor-A- Scholar Sponsorships	College Programs	Outreach Futures/Step Up to College							
Personnel	\$ 922,095	\$ -	\$ 223,873	\$ 145,590	\$ 1,291,558	\$ 189,021	\$ 169,967	\$ 1,650,546	\$ 191,285	\$ 1,841,831	\$ 1,651,201
Program expenses											
Academic programming	124,240	-	18,652	299	143,191	-	-	143,191	-	143,191	136,520
Disbursements to students	29,200	180,872	56,815	5,500	272,387	-	-	272,387	-	272,387	309,948
Program events	61,684	-	26,883	-	88,567	-	-	88,567	21	88,588	62,444
Program support	41,884	-	3,712	7,567	53,163	736	662	54,561	3,408	57,969	35,032
Print and digital resources	-	-	-	107,609	107,609	-	-	107,609	-	107,609	76,690
Student transportation	72,408	-	-	-	72,408	-	-	72,408	-	72,408	58,032
	<u>329,416</u>	<u>180,872</u>	<u>106,062</u>	<u>120,975</u>	<u>737,325</u>	<u>736</u>	<u>662</u>	<u>738,723</u>	<u>3,429</u>	<u>742,152</u>	<u>678,666</u>
Consultants	4,020	-	975	1,892	6,887	824	9,091	16,802	834	17,636	92,733
Depreciation	17,861	-	4,337	2,820	25,018	3,661	3,292	31,971	3,705	35,676	32,966
Rent	113,158	-	27,473	17,866	158,497	23,196	20,858	202,551	30,527	233,078	183,845
Printing and publications	15,113	-	2,990	1,944	20,047	2,524	3,217	25,788	2,554	28,342	51,277
Professional services	18,796	-	4,565	2,969	26,330	5,185	3,466	34,981	6,840	41,821	40,780
Administrative overhead	103,096	124	21,510	13,854	138,584	17,527	17,264	173,375	18,004	191,379	152,505
TOTAL EXPENSES	<u>\$ 1,523,555</u>	<u>\$ 180,996</u>	<u>\$ 391,785</u>	<u>\$ 307,910</u>	<u>\$ 2,404,246</u>	<u>\$ 242,674</u>	<u>\$ 227,817</u>	<u>\$ 2,874,737</u>	<u>\$ 257,178</u>	<u>\$ 3,131,915</u>	<u>\$ 2,883,973</u>

The accompanying notes are an integral part of these financial statements.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – ORGANIZATION

The mission of Philadelphia Futures (the Organization) is to provide low-income, first generation-to-college students with the tools, resources and opportunities necessary for admission to and success in college. The Organization transforms lives by breaking down the barriers that have historically excluded low-income, first generation-to-college students from college success.

In 2011, Philadelphia Futures for Youth, a Pennsylvania non-profit organization founded in 1989 and incorporated as a 501(c)3 corporation in 1999, merged with White-Williams Foundation (White-Williams), a Pennsylvania non-profit organization founded in 1802 and incorporated as a 501(c)3 corporation in 1949. Philadelphia Futures for Youth's corporate entity was merged into White-Williams and White-Williams became the surviving entity. The name of the corporation was changed to Philadelphia Futures

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, 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.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

Investments

The Organization carries investments in marketable securities at fair value. Under FASB ASC 820-10, *Fair Value Measurement*, fair value is defined as the price that the Organization would receive to sell an investment to an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market. FASB ASC 820-10 establishes a three-tier hierarchy based on quoted prices in active markets (Level 1), other observable inputs (Level 2), or unobservable inputs (Level 3).

Realized and unrealized gains and losses on investments (determined based on original cost) and investment income are included in the statement of activities.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Spending Rate

The Board of Directors of the Organization has the opportunity in each fiscal year to elect to include in its unrestricted operating funds between 2% and 7% of the fair market value of certain endowment type investments (based on a three-year average).

Property and Equipment

The Organization capitalizes those expenditures in excess of \$1,000. Purchased furniture and equipment are stated at cost while donated furniture is capitalized at its fair market value at the date of the gift. Depreciation is provided on the straight-line basis over estimated useful lives.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Leasehold improvements are carried at cost. Amortization is provided over the lease term on a straight-line basis.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenue.

Restricted and Unrestricted Support

The Organization follows FASB ASC 958 in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions are recorded when pledged and may include multi-year grants.

Unrestricted net assets are net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets are those which have been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be held in perpetuity.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk free interest rate. Amortization of the discounts is included in revenue, as applicable.

The Organization uses the allowance method to determine receivable balances. The allowance is based on the prior year's experience and management's analysis of specific promises made. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2015, an allowance was not considered necessary.

In-Kind Contributions

The Organization recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the statements for contributed services.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued)

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with mentoring and tutoring high school students in the Sponsor-A-Scholar program. The Organization receives more than 8,000 volunteer hours per year.

The Organization records the value of contributed goods when there is an objective basis available to measure their value and that value is reflected as revenue in the accompanying statements at its estimated value at the date of receipt. There were no contributed goods recorded during the year ended June 30, 2015.

Functional Expenses

Certain costs of providing programs and activities of the Organization have been allocated among program, administrative, and fundraising expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Prior Period Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2014 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements in order to conform to the 2015 financial statement presentation.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, if the Organization had income from certain activities not directly related to the Organization's tax-exempt purpose it would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Subsequent Events

FASB ASC 855-10 establishes general standards of accounting and disclosure of events that occur after the statement of financial position date but before the date the financial statements are available to be issued. Subsequent events have been evaluated through October 15, 2015, the date that the financial statements were available to be issued.

NOTE 3 – CONCENTRATION OF CREDIT RISK

During the year the Organization may have deposits which exceed Federal Deposit Insurance Corporation limits. Management believes the risk related to these deposits is minimal.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – GRANTS RECEIVABLE

Grants receivable amounted to the following at June 30, 2015:

Amounts due	
Less than one year	\$ 377,794
One year	<u>5,000</u>
Total	<u>\$ 382,794</u>

NOTE 5 – SPONSOR-A-SCHOLAR PLEDGES

Pledges to contribute for college-related expenses for students enrolled in the Sponsor-A-Scholar program are recorded as unconditional promises to give. Sponsor-A-Scholar pledges amounted to the following at June 30, 2015:

Restricted to Sponsor-A-Scholar program	
Less than one year	\$ 43,538
One to five years	<u>65,822</u>
Total uncollected pledges at June 30, 2015	<u>\$ 109,360</u>

NOTE 6 – FAIR VALUE MEASUREMENTS – INVESTMENTS

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 135,992	\$ 12,953	\$ 148,945
Capital gain distributions	328,541	69,943	398,484
Realized and unrealized losses	<u>(488,004)</u>	<u>(91,716)</u>	<u>(579,720)</u>
Total investment return	<u>\$ (23,471)</u>	<u>\$ (8,820)</u>	<u>\$ (32,291)</u>

The total investment return is reflected in the statement of activities for the year ended June 30, 2015 as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating			
Investment return designated for current operations	\$ 523,524	\$ -	\$ 523,524
Investment return not designated for current operations	<u>(546,995)</u>	<u>(8,820)</u>	<u>(555,815)</u>
Total investment return	<u>\$ (23,471)</u>	<u>\$ (8,820)</u>	<u>\$ (32,291)</u>

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015.

Mutual funds – large cap equity and fixed income funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Mutual funds – Multi Asset Fund: Valued at the net asset value which is calculated as assets of the fund less the fund's liabilities. The share reported by the Organization is proportionate to the Organization's relative capital contribution. Shares are redeemable upon request, subject to an exit fee, and are available the next business day; however, the Multi Asset Fund (MAF) reserves the right to hold payment up to seven days. The MAF is open primarily to foundations, endowments, other 501(c)(3) organizations, and certain other non-profit organizations. In most cases, organizations seeking to invest in the MAF must be "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, which generally requires that a non-profit organization have total assets in excess of \$5 million. The \$5 million need not be invested entirely in the MAF. The fund seeks to achieve a total return (price appreciation plus dividends and interest income) that exceeds inflation plus 5% per annum through a globally diversified portfolio.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2015:

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Large cap equity funds	\$ 774,058	\$ -	\$ -	\$ 774,058
Fixed income funds	3,744,282	-	-	3,744,282
Multi Asset Fund	-	7,141,229	-	7,141,229
Total assets at fair value	\$ 4,518,340	\$ 7,141,229	\$ -	\$ 11,659,569

The Organization embraces an asset allocation target approach in order to preserve capital and to avoid market timing decisions.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Office furniture and equipment	\$ 95,264
Computer equipment	184,946
Leasehold improvements	2,629
	282,839
Less: accumulated depreciation	(169,467)
	\$ 113,372

NOTE 8 – LINE OF CREDIT

The Organization has a line of credit with a bank in the amount of \$100,000 which expires on November 15, 2015. The interest rate is prime (3.25% at June 30, 2015) minus one percentage point. There were no outstanding borrowings as of June 30, 2015.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Restrictions on temporarily restricted net assets subject to donor-imposed stipulations may be met by actions of the Organization and/or passage of time. Temporarily restricted net assets as of June 30, 2015 are as follows:

Pre-college programs	\$ 590,431
College programs	484,921
Sponsor-A-Scholar Program sponsorships	1,723,015
Time restricted for future operating expenses	1,237,112
Outreach Futures/College Guide	90,342
	\$ 4,125,821

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2015 are restricted to investment in perpetuity. Permanently restricted net assets include the Amanda James endowment, the John Clark endowment, the Donna and John Boscia Endowed Sponsorship Fund, and miscellaneous permanently restricted gifts and are included in investments in the statement of financial position.

NOTE 11 – SPONSOR-A-SCHOLAR FUND

In addition to the financial activity presented herein, the Organization has a Donor Advised Fund with a balance of \$53,359 as of June 30, 2015, which is maintained at a foundation to be used for operations.

NOTE 12 – RETIREMENT PLAN

The Organization has a tax-deferred retirement plan (the Plan) under Section 401(k) of the Internal Revenue Code. Employee contributions to the Plan are made through payroll deductions. The Organization contributed 3% of an employee's eligible compensation. Organization contributions to the Plan amounted to \$16,896 for the year ended June 30, 2015.

NOTE 13 – OPERATING LEASES

The Organization leases office space under noncancellable lease agreements that expire through August 31, 2020. In addition, the lease agreements require the Organization to pay its proportionate share of real estate taxes and other occupancy expenses.

Rent expense, including real estate taxes and other occupancy expenses, for the year ended June 30, 2015 was \$233,078 (including sublease rental income of \$60,849). Minimum future rentals under the operating leases are as follows:

YEARS ENDING JUNE 30,	RENT EXPENSE	SUBLEASE RENTAL INCOME	NET RENT EXPENSE
2016	\$ 229,882	\$ (18,564)	\$ 211,318
2017	210,614	-	210,614
2018	212,401	-	212,401
2019	217,499	-	217,499
2020	222,597	-	222,597
Thereafter	37,607	-	37,607
	<u>\$ 1,130,600</u>	<u>\$ (18,564)</u>	<u>\$ 1,112,036</u>

NOTE 14 – ELLIS TRUST

The Organization has a contract with the trustee of the Charles E. Ellis Trust to act as agent administrator for the trust. As agent administrator, the Organization is responsible for the administration of the annual distribution of funds to eligible Philadelphia high school girls for tuition and enrichment purposes. The Trust pays the Organization an annual fee for its services.