

PHILADELPHIA FUTURES

FINANCIAL STATEMENTS

JUNE 30, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR JUNE 30, 2015)

PHILADELPHIA FUTURES

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7 - 14

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, 2016, 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, 2016, 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' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Myrion Cogen LLP

October 20, 2016

PHILADELPHIA FUTURES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH FINANCIAL INFORMATION FOR JUNE 30, 2015)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 367,949	\$ 564,250
Grants receivable	276,430	377,794
Sponsor-A-Scholar pledges	54,721	43,538
Contributions receivable	34,915	45,544
Contracts receivable	-	211,165
Other receivables	4,528	4,672
Deferred rent receivable	-	3,352
	<u>738,543</u>	<u>1,250,315</u>
NON-CURRENT ASSETS		
Grants receivable, net of current portion	140,000	5,000
Sponsor-A-Scholar pledges, net of current portion	83,875	65,822
Investments	11,416,857	11,659,569
Property and equipment, net	84,559	113,372
Deposits	-	5,847
	<u>11,725,291</u>	<u>11,849,610</u>
TOTAL ASSETS	<u>\$ 12,463,834</u>	<u>\$ 13,099,925</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 119,610	\$ 117,013
Deferred rent payable	16,854	13,173
	<u>136,464</u>	<u>130,186</u>
NON-CURRENT LIABILITIES		
Deferred rent payable, net of current portion	11,112	27,966
	<u>11,112</u>	<u>27,966</u>
TOTAL LIABILITIES	<u>147,576</u>	<u>158,152</u>
NET ASSETS		
UNRESTRICTED	6,427,668	6,980,586
TEMPORARILY RESTRICTED	4,080,393	4,125,821
PERMANENTLY RESTRICTED	<u>1,808,197</u>	<u>1,835,366</u>
TOTAL NET ASSETS	<u>12,316,258</u>	<u>12,941,773</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,463,834</u>	<u>\$ 13,099,925</u>

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

PHILADELPHIA FUTURES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015)

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions					
Corporate	\$ 17,475	\$ 266,962	\$ -	\$ 284,437	\$ 1,416,330
Foundation	19,466	674,494	10,000	703,960	730,838
Individual	296,116	1,048,166	300	1,344,582	569,280
Other	29,216	76,000	-	105,216	102,193
Public contracts	6,824	-	-	6,824	318,162
Special event income (net of expenses of \$63,958)	-	94,264	-	94,264	110,670
Ellis Trust administration fee	286,684	-	-	286,684	257,178
Investment return designated for current operations	572,695	-	-	572,695	523,524
	<u>1,228,476</u>	<u>2,159,886</u>	<u>10,300</u>	<u>3,398,662</u>	<u>4,028,175</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>2,205,314</u>	<u>(2,205,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,433,790</u>	<u>(45,428)</u>	<u>10,300</u>	<u>3,398,662</u>	<u>4,028,175</u>
EXPENSES					
Program	2,537,176	-	-	2,537,176	2,404,246
Administrative	295,157	-	-	295,157	242,674
Fundraising	177,055	-	-	177,055	227,817
Ellis Trust	286,684	-	-	286,684	257,178
	<u>3,296,072</u>	<u>-</u>	<u>-</u>	<u>3,296,072</u>	<u>3,131,915</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	137,718	(45,428)	10,300	102,590	896,260
Investment return not designated for current operations	<u>(690,636)</u>	<u>-</u>	<u>(37,469)</u>	<u>(728,105)</u>	<u>(555,815)</u>
CHANGE IN NET ASSETS	(552,918)	(45,428)	(27,169)	(625,515)	340,445
NET ASSETS - BEGINNING 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>
NET ASSETS - END OF YEAR	<u>\$ 6,427,668</u>	<u>\$ 4,080,393</u>	<u>\$ 1,808,197</u>	<u>\$ 12,316,258</u>	<u>\$ 12,941,773</u>

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

PHILADELPHIA FUTURES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (625,515)	\$ 340,445
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	38,945	35,676
Realized and unrealized losses on investments	578,668	579,720
(Increase) decrease in assets		
Grants receivable	(33,636)	18,510
Sponsor-A-Scholar pledges	(29,236)	-
Contributions receivable	10,629	(4,399)
Contracts receivable	211,165	(170,878)
Other receivables	144	18,189
Deferred rent receivable	3,352	8,766
Deposits	5,847	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	2,597	22,413
Deferred rent payable	(13,173)	3,085
	<u>149,787</u>	<u>851,527</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,136,953	153,101
Purchase of investments	(1,472,909)	(1,610,425)
Purchase of furniture and equipment	(10,132)	(55,133)
	<u>(346,088)</u>	<u>(1,512,457)</u>
Net cash used in investing activities		
	<u>(346,088)</u>	<u>(1,512,457)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(196,301)	(660,930)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>564,250</u>	<u>1,225,180</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 367,949</u>	<u>\$ 564,250</u>

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

PHILADELPHIA FUTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015)

	2016										2015 Total
	Program					Administrative	Fundraising	Subtotal	Ellis Trust	Total	
	Pre-College Programs	Sponsor-A- Scholar Sponsorships	College Programs	Outreach Futures/Step Up to College	Total Program						
Personnel	\$ 946,954	\$ -	\$ 307,569	\$ 114,821	\$ 1,369,344	\$ 229,336	\$ 131,768	\$ 1,730,448	\$ 203,646	\$ 1,934,094	\$ 1,841,831
Program expenses											
Academic programming	111,567	-	31,979	644	144,190	-	-	144,190	-	144,190	143,191
Disbursements to students	28,785	193,907	84,293	7,500	314,485	-	-	314,485	-	314,485	272,387
Program events	53,141	-	24,914	-	78,055	-	-	78,055	13,124	91,179	88,588
Program support	43,801	-	4,451	12,241	60,493	90	52	60,635	2,952	63,587	57,969
Print and digital resources	-	-	-	97,358	97,358	-	-	97,358	-	97,358	107,609
Student transportation	66,739	-	900	-	67,639	-	-	67,639	-	67,639	72,408
	<u>304,033</u>	<u>193,907</u>	<u>146,537</u>	<u>117,743</u>	<u>762,220</u>	<u>90</u>	<u>52</u>	<u>762,362</u>	<u>16,076</u>	<u>778,438</u>	<u>742,152</u>
Consultants	9,849	-	3,199	20,666	33,714	2,376	7,321	43,411	7,783	51,194	17,636
Depreciation	19,068	-	6,193	2,312	27,573	4,599	2,653	34,825	4,120	38,945	35,676
Rent	110,294	-	35,823	13,373	159,490	26,602	15,347	201,439	25,627	227,066	233,078
Printing and publications	21,861	-	5,913	2,208	29,982	4,391	3,390	37,763	3,933	41,696	28,342
Professional services	17,191	-	5,584	2,084	24,859	5,429	2,392	32,680	6,596	39,276	41,821
Administrative overhead	88,017	1,331	30,007	10,639	129,994	22,334	14,132	166,460	18,903	185,363	191,379
TOTAL EXPENSES	<u>\$ 1,517,267</u>	<u>\$ 195,238</u>	<u>\$ 540,825</u>	<u>\$ 283,846</u>	<u>\$ 2,537,176</u>	<u>\$ 295,157</u>	<u>\$ 177,055</u>	<u>\$ 3,009,388</u>	<u>\$ 286,684</u>	<u>\$ 3,296,072</u>	<u>\$ 3,131,915</u>

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

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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, 2016, 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, 2016

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 students in the Organization's programs. 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, 2016.

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, 2015 from which the summarized information was derived.

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 20, 2016, 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, 2016

NOTE 4 – GRANTS RECEIVABLE

Grants receivable amounted to the following at June 30, 2016:

Amounts due		
Less than one year	\$	276,430
One year		<u>140,000</u>
Total	\$	<u><u>416,430</u></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, 2016:

Restricted to Sponsor-A-Scholar program		
Less than one year	\$	54,721
One to five years		<u>83,875</u>
Total	\$	<u><u>138,596</u></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, 2016:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 180,076	\$ 13,731	\$ 193,807
Capital gain distributions	189,177	40,274	229,451
Realized and unrealized losses	<u>(487,194)</u>	<u>(91,474)</u>	<u>(578,668)</u>
Total investment return	<u><u>\$ (117,941)</u></u>	<u><u>\$ (37,469)</u></u>	<u><u>\$ (155,410)</u></u>

The total investment return is reflected in the statement of activities for the year ended June 30, 2016 as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating			
Investment return designated for current operations	\$ 572,695	\$ -	\$ 572,695
Investment return not designated for current operations	<u>(690,636)</u>	<u>(37,469)</u>	<u>(728,105)</u>
Total investment return	<u><u>\$ (117,941)</u></u>	<u><u>\$ (37,469)</u></u>	<u><u>\$ (155,410)</u></u>

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016.

Mutual 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.

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. There are no unfunded commitments at June 30, 2016.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Large cap equity funds	\$ 827,505	\$ -	\$ -	\$ 827,505
Fixed income funds	3,189,380	-	-	3,189,380
Small cap equity funds	205,161	-	-	205,161
International equity funds	267,050	-	-	267,050
Total assets in the fair value hierarchy	<u>4,489,096</u>	<u>-</u>	<u>-</u>	<u>4,489,096</u>
Investments measured at net asset value (Multi Asset Fund) ^(a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,927,761</u>
Investments at fair value	<u>\$ 4,489,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,416,857</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

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, 2016:

Office furniture and equipment	\$ 75,600
Computer equipment	136,815
Leasehold improvements	<u>2,629</u>
	215,044
Less: accumulated depreciation	<u>(130,485)</u>
	<u>\$ 84,559</u>

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, 2017. The interest rate is prime (3.50% at June 30, 2016) minus one percentage point. There were no outstanding borrowings as of June 30, 2016.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 are as follows:

Pre-college programs	\$ 635,596
College programs	315,671
Sponsor-A-Scholar Program sponsorships	1,745,559
Time restricted for future operating expenses	1,231,667
Outreach Futures/College Guide	<u>151,900</u>
	<u>\$ 4,080,393</u>

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2016 are restricted to investment in perpetuity. Permanently restricted net assets include endowments 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 \$53,211 as of June 30, 2016, 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 \$16,988 for the year ended June 30, 2016.

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.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – OPERATING LEASES (Continued)

Rent expense, including real estate taxes and other occupancy expenses, for the year ended June 30, 2016 was \$227,066 (including sublease rental income of \$15,212). Minimum future rentals under the operating leases are as follows:

<u>YEARS ENDING</u> <u>JUNE 30,</u>	
2017	\$ 210,614
2018	212,401
2019	217,499
2020	222,597
2021	<u>37,607</u>
	<u>\$ 900,718</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.