

PHILADELPHIA FUTURES

FINANCIAL STATEMENTS

JUNE 30, 2014

(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR JUNE 30, 2013)

# 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, 2014, 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, 2014, 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' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Myrion Cogen LLP*

October 16, 2014

PHILADELPHIA FUTURES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014  
(WITH FINANCIAL INFORMATION FOR JUNE 30, 2013)

ASSETS	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,225,180	\$ 2,229,712
Grants receivable	391,304	470,538
Sponsor-A-Scholar pledges	37,014	34,314
Contributions receivable	41,145	46,879
Contracts receivable	40,287	8,033
Other receivables	22,861	8,167
Deferred rent receivable	8,766	-
	<u>1,766,557</u>	<u>2,797,643</u>
<b>NON-CURRENT ASSETS</b>		
Grants receivable, net of current portion	10,000	142,000
Sponsor-A-Scholar pledges, net of current portion	72,346	55,349
Deferred rent receivable, net of current portion	3,352	-
Investments	10,781,965	8,915,727
Property and equipment, net	93,915	98,337
Deposits	5,847	5,847
	<u>10,967,425</u>	<u>9,217,260</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,733,982</u></u>	<u><u>\$ 12,014,903</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 94,600	\$ 48,794
Deferred rent payable	8,309	4,763
	<u>102,909</u>	<u>53,557</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred rent payable, net of current portion	<u>29,745</u>	<u>38,103</u>
<b>TOTAL LIABILITIES</b>	<u>132,654</u>	<u>91,660</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	7,421,420	6,508,845
<b>TEMPORARILY RESTRICTED</b>	3,346,022	3,738,845
<b>PERMANENTLY RESTRICTED</b>	<u>1,833,886</u>	<u>1,675,553</u>
<b>TOTAL NET ASSETS</b>	<u>12,601,328</u>	<u>11,923,243</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 12,733,982</u></u>	<u><u>\$ 12,014,903</u></u>

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

PHILADELPHIA FUTURES  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013)

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SUPPORT AND REVENUE</b>					
Contributions					
Corporate	\$ 63,581	\$ 387,050	\$ -	\$ 450,631	\$ 539,965
Foundation	20,395	408,326	10,000	438,721	858,958
Individual	491,295	550,435	300	1,042,030	1,708,561
Other	43,553	48,200	-	91,753	128,981
Public contracts	136,355	-	-	136,355	131,766
Special event income (net of expenses of \$53,621)	-	98,771	-	98,771	95,956
Ellis Trust administration fee	283,170	-	-	283,170	259,036
Investment return designated for current operations	476,502	-	-	476,502	360,510
	<u>1,514,851</u>	<u>1,492,782</u>	<u>10,300</u>	<u>3,017,933</u>	<u>4,083,733</u>
<b>NET ASSETS RELEASED FROM   RESTRICTIONS</b>	<u>1,885,605</u>	<u>(1,885,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,400,456</u>	<u>(392,823)</u>	<u>10,300</u>	<u>3,017,933</u>	<u>4,083,733</u>
<b>EXPENSES</b>					
Program	2,193,454	-	-	2,193,454	2,067,311
Administrative	221,162	-	-	221,162	208,294
Fundraising	186,187	-	-	186,187	224,792
Ellis Trust	283,170	-	-	283,170	258,104
<b>TOTAL EXPENSES</b>	<u>2,883,973</u>	<u>-</u>	<u>-</u>	<u>2,883,973</u>	<u>2,758,501</u>
<b>CHANGE IN NET ASSETS BEFORE   NON-OPERATING ACTIVITIES</b>	516,483	(392,823)	10,300	133,960	1,325,232
Investment return not designated for current operations	396,092	-	148,033	544,125	467,494
<b>CHANGE IN NET ASSETS</b>	912,575	(392,823)	158,333	678,085	1,792,726
<b>NET ASSETS - BEGINNING OF   YEAR</b>	<u>6,508,845</u>	<u>3,738,845</u>	<u>1,675,553</u>	<u>11,923,243</u>	<u>10,130,517</u>
<b>NET ASSETS - END OF YEAR</b>	<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>

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

PHILADELPHIA FUTURES  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014  
(WITH FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 678,085	\$ 1,792,726
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	32,966	39,223
Realized and unrealized gains on investments	(251,013)	(525,331)
(Increase) decrease in assets		
Grants receivable	211,234	(432,538)
Sponsor-A-Scholar pledges	(19,697)	(985)
Contributions receivable	5,734	923
Contracts receivable	(32,254)	(2,800)
Other receivables	(14,694)	(6,009)
Deferred rent receivable	(12,118)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	45,806	(33,314)
Deferred rent payable	(4,812)	19,048
	<u>639,237</u>	<u>850,943</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	175,000	21,500
Purchase of investments	(1,790,225)	(567,596)
Purchase of furniture and equipment	(28,544)	(49,446)
	<u>(1,643,769)</u>	<u>(595,542)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,004,532)	255,401
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,229,712</u>	<u>1,974,311</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,225,180</u>	<u>\$ 2,229,712</u>

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

PHILADELPHIA FUTURES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2014  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013)

	2014										2013 Total
	Program										
	Pre-College Programs	Sponsor-A- Scholar Sponsorships	College Programs	Other Programs	Total Program	Administrative	Fundraising	Subtotal	Ellis Trust	Total	
Personnel	\$ 848,516	\$ -	\$ 215,802	\$ 79,191	\$ 1,144,509	\$ 172,010	\$ 141,904	\$ 1,458,423	\$ 192,778	\$ 1,651,201	\$ 1,437,190
Program expenses											
Academic programming	123,216	-	15,104	-	138,320	-	-	138,320	-	138,320	108,065
Disbursements to students	25,923	215,225	64,000	3,000	308,148	-	-	308,148	-	308,148	375,738
Program events	34,676	-	27,768	-	62,444	-	-	62,444	-	62,444	67,288
Program support	28,123	-	3,952	13	32,088	29	24	32,141	2,891	35,032	53,087
Step Up to College Guide	-	-	-	76,890	76,890	-	-	76,890	-	76,890	82,235
Student transportation	58,032	-	-	-	58,032	-	-	58,032	-	58,032	47,800
	269,970	215,225	110,824	79,703	675,722	29	24	675,775	2,891	678,666	734,223
Consultants	56,470	-	6,011	2,212	64,693	4,806	7,497	76,996	26,358	103,354	77,887
Depreciation	16,889	-	4,325	1,592	22,806	3,458	2,846	29,110	3,856	32,966	39,223
Rent	86,906	-	23,009	8,467	120,382	18,398	15,139	153,919	29,926	183,845	249,025
Printing and publications	35,295	-	4,072	1,498	40,865	3,256	3,526	47,847	3,630	51,277	42,191
Professional services	18,605	-	4,765	1,753	25,123	5,376	3,135	33,634	7,146	40,780	38,531
Administrative overhead	74,847	58	18,100	6,348	99,354	13,829	12,116	125,289	16,585	141,884	140,231
<b>TOTAL EXPENSES</b>	<b>\$ 1,410,498</b>	<b>\$ 215,283</b>	<b>\$ 388,908</b>	<b>\$ 180,765</b>	<b>\$ 2,193,454</b>	<b>\$ 221,162</b>	<b>\$ 186,187</b>	<b>\$ 2,600,803</b>	<b>\$ 283,170</b>	<b>\$ 2,883,973</b>	<b>\$ 2,758,501</b>

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



PHILADELPHIA FUTURES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014

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, 2014, 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, 2014

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 during the year ended June 30, 2014.

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, 2013 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).

The Organization follows FASB Accounting Standards Update (ASU) No. 2009-06, *Income Taxes (Topic 740): Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities Taxes*. FASB ASC 740 prescribes guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Tax positions must meet a more-likely-than-not recognition threshold. There were no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next year. Tax years from 2010 through 2013 remain subject to examination by major tax jurisdictions.

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 16, 2014, 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, 2014

NOTE 4 – GRANTS RECEIVABLE

Grants receivable amounted to the following at June 30, 2014:

Amounts due	
Less than one year	\$ 391,304
One year	<u>10,000</u>
Total	<u>\$ 401,304</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, 2014:

Restricted to Sponsor-A-Scholar program	
Less than one year	\$ 37,014
One to five years	<u>72,346</u>
Total uncollected pledges at June 30, 2014	<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, 2014:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 131,064	\$ 15,614	\$ 146,678
Capital gain distributions	513,597	109,339	622,936
Realized and unrealized gains	<u>227,933</u>	<u>23,080</u>	<u>251,013</u>
Total investment return	<u>\$ 872,594</u>	<u>\$ 148,033</u>	<u>\$ 1,020,627</u>

The total investment return is reflected in the statement of activities for the year ended June 30, 2014 as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating			
Investment return designated for current operations	\$ 476,502	\$ -	\$ 476,502
Investment return not designated for current operations	<u>396,092</u>	<u>148,033</u>	<u>544,125</u>
Total investment return	<u>\$ 872,594</u>	<u>\$ 148,033</u>	<u>\$ 1,020,627</u>

PHILADELPHIA FUTURES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014.

*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. 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 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 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, 2014

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, 2014:

	Assets at Fair Value as of June 30, 2014			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Large cap equity funds	\$ 1,507,296	\$ -	\$ -	\$ 1,507,296
Fixed income funds	2,083,190	-	-	2,083,190
Multi Asset Fund	-	7,191,479	-	7,191,479
	<u>\$ 3,590,486</u>	<u>\$ 7,191,479</u>	<u>\$ -</u>	<u>\$ 10,781,965</u>

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, 2014:

Office furniture and equipment	\$ 57,320
Computer equipment	167,758
Leasehold improvements	23,856
	<u>248,934</u>
Less: accumulated depreciation	(155,019)
	<u>\$ 93,915</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, 2014. The interest rate is prime (3.25% at June 30, 2014) minus one percentage point. There were no outstanding borrowings as of June 30, 2014.

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, 2014 are as follows:

Pre-college programs	\$ 532,612
College programs	464,374
Sponsor-A-Scholar Program sponsorships	1,746,951
Time restricted for future operating expenses	570,000
Other programs	32,085
	<u>\$ 3,346,022</u>

PHILADELPHIA FUTURES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2014 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 \$54,000, 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 \$14,125 for the year ended June 30, 2014.

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, 2014 was \$183,845 (including sublease rental income of \$60,849). Minimum future rentals under the operating leases (including leases entered into subsequent to June 30, 2014) are as follows:

YEARS ENDING JUNE 30,	RENT EXPENSE	SUBLEASE RENTAL INCOME	NET RENT EXPENSE
2015	\$ 275,340	\$ (69,615)	\$ 205,725
2016	229,882	(18,564)	211,318
2017	210,614	-	210,614
2018	212,401	-	212,401
2019	217,499	-	217,499
Thereafter	260,204	-	260,204
	<u>\$ 1,405,940</u>	<u>\$ (88,179)</u>	<u>\$ 1,317,761</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.