

PHILADELPHIA FUTURES
FINANCIAL STATEMENTS
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR JUNE 30, 2017)

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, 2018, 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, 2018, 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' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Myrion Cogen LLP

October 23, 2018

PHILADELPHIA FUTURES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH FINANCIAL INFORMATION FOR JUNE 30, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 584,833	\$ 533,470
Grants receivable	222,000	360,000
Sponsor-A-Scholar pledges	57,308	44,173
Contributions receivable	39,836	35,875
Other receivables	-	6,650
	903,977	980,168
NON-CURRENT ASSETS		
Grants receivable, net of current portion	218,014	-
Sponsor-A-Scholar pledges, net of current portion	52,952	62,810
Investments	11,009,463	11,332,393
Property and equipment, net	50,219	78,825
	11,330,648	11,474,028
TOTAL ASSETS	\$ 12,234,625	\$ 12,454,196
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 183,037	\$ 160,636
Deferred rent payable	3,427	2,096
	186,464	162,732
NON-CURRENT LIABILITIES		
Deferred rent payable, net of current portion	5,589	9,016
	5,589	9,016
TOTAL LIABILITIES	192,053	171,748
NET ASSETS		
UNRESTRICTED	6,850,913	6,781,248
TEMPORARILY RESTRICTED	3,123,254	3,536,429
PERMANENTLY RESTRICTED	2,068,405	1,964,771
TOTAL NET ASSETS	12,042,572	12,282,448
TOTAL LIABILITIES AND NET ASSETS	\$ 12,234,625	\$ 12,454,196

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

PHILADELPHIA FUTURES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions					
Corporate	\$ 62,697	\$ 581,576	\$ -	\$ 644,273	\$ 351,800
Foundation	76,684	411,500	10,000	498,184	788,112
Individual	340,654	495,313	250	836,217	665,714
Other	884	108,689	-	109,573	78,355
Special event income	129,154	-	-	129,154	-
Ellis Trust administration fee	285,281	-	-	285,281	292,421
Investment return designated for current operations	501,400	-	-	501,400	512,121
	<u>1,396,754</u>	<u>1,597,078</u>	<u>10,250</u>	<u>3,004,082</u>	<u>2,688,523</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>2,010,253</u>	<u>(2,010,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,407,007</u>	<u>(413,175)</u>	<u>10,250</u>	<u>3,004,082</u>	<u>2,688,523</u>
EXPENSES					
Program	2,708,520	-	-	2,708,520	2,584,622
Administrative	176,428	-	-	176,428	245,271
Fundraising	247,220	-	-	247,220	182,526
Ellis Trust	285,281	-	-	285,281	292,421
TOTAL EXPENSES	<u>3,417,449</u>	<u>-</u>	<u>-</u>	<u>3,417,449</u>	<u>3,304,840</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	(10,442)	(413,175)	10,250	(413,367)	(616,317)
Investment return not designated for current operations	80,107	-	93,384	173,491	582,507
CHANGE IN NET ASSETS	69,665	(413,175)	103,634	(239,876)	(33,810)
NET ASSETS - BEGINNING OF YEAR	<u>6,781,248</u>	<u>3,536,429</u>	<u>1,964,771</u>	<u>12,282,448</u>	<u>12,316,258</u>
NET ASSETS - END OF YEAR	<u>\$ 6,850,913</u>	<u>\$ 3,123,254</u>	<u>\$ 2,068,405</u>	<u>\$ 12,042,572</u>	<u>\$ 12,282,448</u>

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

PHILADELPHIA FUTURES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (239,876)	\$ (33,810)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	28,606	44,210
Realized and unrealized (gains) losses on investments	617,356	(821,976)
(Increase) decrease in assets		
Grants receivable	(80,014)	56,430
Sponsor-A-Scholar pledges	(3,277)	31,613
Contributions receivable	(3,961)	(960)
Other receivables	6,650	(2,122)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	22,401	41,026
Deferred rent payable	<u>(2,096)</u>	<u>(16,854)</u>
Net cash provided by (used in) operating activities	<u>345,789</u>	<u>(702,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,136,588	1,110,000
Purchase of investments	(9,431,014)	(203,560)
Purchase of furniture and equipment	<u>-</u>	<u>(38,476)</u>
Net cash provided by (used in) investing activities	<u>(294,426)</u>	<u>867,964</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,363	165,521
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>533,470</u>	<u>367,949</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 584,833</u>	<u>\$ 533,470</u>

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

PHILADELPHIA FUTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)

	2018										
	Program					Administrative	Fundraising	Subtotal	Ellis Trust	Total	2017 Total
	Pre-College Programs	Sponsor-A- Scholar Sponsorships	College Programs	Outreach Futures/Step Up to College	Total Program						
Personnel	\$ 920,230	\$ -	\$ 385,501	\$ 178,522	\$ 1,484,253	\$ 130,387	\$ 187,114	\$ 1,801,754	\$ 218,909	\$ 2,020,663	\$ 1,898,575
Program expenses											
Academic programming	118,178	-	17,637	-	135,815	-	-	135,815	-	135,815	140,982
Disbursements to students	28,281	190,990	139,510	500	359,281	-	6,441	365,722	800	366,522	307,285
Program events	77,400	-	25,539	-	102,939	-	-	102,939	-	102,939	108,300
Program support	60,413	-	12,053	653	73,119	1,527	672	75,318	5,503	80,821	77,446
Print and digital resources	-	-	-	97,245	97,245	-	-	97,245	-	97,245	104,441
Student transportation	60,105	-	-	-	60,105	-	-	60,105	-	60,105	46,254
	<u>344,377</u>	<u>190,990</u>	<u>194,739</u>	<u>98,398</u>	<u>828,504</u>	<u>1,527</u>	<u>7,113</u>	<u>837,144</u>	<u>6,303</u>	<u>843,447</u>	<u>784,708</u>
Consultants	9,867	-	5,024	12,240	27,131	1,346	3,964	32,441	4,041	36,482	123,025
Depreciation	13,057	-	5,448	2,490	20,995	1,833	2,676	25,504	3,102	28,606	44,210
Rent	101,574	-	42,381	19,374	163,329	14,255	20,815	198,399	24,132	222,531	216,076
Printing and publications	17,133	-	6,854	3,133	27,120	2,305	4,858	34,283	3,969	38,252	34,949
Professional services	18,646	-	7,780	3,557	29,983	4,594	3,821	38,398	8,169	46,567	38,459
Administrative overhead	76,097	1,029	35,436	14,643	127,205	20,181	16,859	164,245	16,656	180,901	164,838
TOTAL EXPENSES	<u>\$ 1,500,981</u>	<u>\$ 192,019</u>	<u>\$ 683,163</u>	<u>\$ 332,357</u>	<u>\$ 2,708,520</u>	<u>\$ 176,428</u>	<u>\$ 247,220</u>	<u>\$ 3,132,168</u>	<u>\$ 285,281</u>	<u>\$ 3,417,449</u>	<u>\$ 3,304,840</u>

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

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

Estimates

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

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).

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018, an allowance was not considered necessary.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 financial statements for contributed services.

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 financial statements at its estimated value at the date of receipt. There were no contributed goods recorded during the year ended June 30, 2018.

Functional Expenses

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

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, 2017 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).

Recently Issued Accounting Pronouncements

The Organization is currently assessing the impact the following Updates will have on its financial statements when adopted. Accounting Standards Update (ASU) No. 2016-14 will affect the June 30, 2019 financial statements, ASU 2016-08 will affect the June 30, 2020 financial statements, and ASU 2016-02 will affect the June 30, 2021 financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The amendments improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this Update should be applied on a retrospective basis in the year that the Update is first applied. However, if presenting comparative financial statements, a not-for-profit entity has the option to omit certain information for any periods presented before the period of adoption.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies certain aspects of the principal versus agent guidance in the new revenue recognition standard. The effective date and transition requirement for this ASU are the same as the effective date and transition requirements of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date to annual reporting periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this Update specify the accounting for leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

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 23, 2018, 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.

NOTE 4 – GRANTS RECEIVABLE

Grants receivable amounted to the following at June 30, 2018:

<u>Due Within</u>	<u>Gross Promise</u>	<u>Discount*</u>	<u>Net Promise</u>
1 year	\$ 222,000	\$ -	\$ 222,000
2 to 9 years	<u>229,000</u>	<u>10,986</u>	<u>218,014</u>
Total	<u>\$ 451,000</u>	<u>\$ 10,986</u>	<u>\$ 440,014</u>

*The gross amounts that are due in future periods are discounted to present value using an interest rate of 1.5%.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018:

Restricted to Sponsor-A-Scholar program	
Less than one year	\$ 57,308
One to five years	<u>52,952</u>
Total	<u>\$ 110,260</u>

NOTE 6 – FAIR VALUE MEASUREMENTS – INVESTMENTS

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, 2018.

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.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Absolute return funds	\$ 723,970	\$ -	\$ -	\$ 723,970
Commodity funds	170,454	-	-	170,454
Emerging market equity funds	69,914	-	-	69,914
Fixed income funds	3,375,240	-	-	3,375,240
International equity funds	1,724,681	-	-	1,724,681
Large cap equity funds	3,999,407	-	-	3,999,407
Real estate funds	419,819	-	-	419,819
Small cap equity funds	525,978	-	-	525,978
Investments at fair value	<u>\$ 11,009,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,009,463</u>

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

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018:

	Unrestricted	Permanently Restricted	Total
Interest and dividend income	\$ 372,614	\$ 69,404	\$ 442,018
Net gains (losses) on investments (including capital gain distributions)	<u>208,893</u>	<u>23,980</u>	<u>232,873</u>
Total investment return	<u>\$ 581,507</u>	<u>\$ 93,384</u>	<u>\$ 674,891</u>

The total investment return is reflected in the statement of activities for the year ended June 30, 2018 as follows:

	Unrestricted	Permanently Restricted	Total
Operating			
Investment return designated for current operations	\$ 501,400	\$ -	\$ 501,400
Investment return not designated for current operations	<u>80,107</u>	<u>93,384</u>	<u>173,491</u>
Total investment return	<u>\$ 581,507</u>	<u>\$ 93,384</u>	<u>\$ 674,891</u>

PHILADELPHIA FUTURES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

Office furniture and equipment	\$	75,600
Computer equipment		175,291
Leasehold improvements		2,629
		253,520
Less: accumulated depreciation		(203,301)
		\$ 50,219

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, 2019. The interest rate is prime (5.00% at June 30, 2018) minus one percentage point. There were no outstanding borrowings as of June 30, 2018.

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, 2018 are as follows:

Pre-college programs	\$	274,265
College programs		794,339
Sponsor-A-Scholar Program sponsorships		1,880,150
Time restricted for future operating expenses		165,000
Outreach Futures/College Guide		9,500
		9,500
		\$ 3,123,254

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2018 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 – 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 eligible compensation. Organization contributions to the Plan amounted to \$18,470 for the year ended June 30, 2018.

PHILADELPHIA FUTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – 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, 2018 was \$222,531. Minimum future rentals under the operating leases are as follows:

<u>YEARS ENDING JUNE 30,</u>	<u>AMOUNT</u>
2019	\$ 217,499
2020	222,597
2021	<u>37,607</u>
	<u>\$ 477,703</u>

NOTE 13 – 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.