

Partnership | *future*  
FOR THE

**Financial Statements**

**December 31, 2010 and 2009**

# PARTNERSHIP FOR THE FUTURE, INC.

## Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



## REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors  
Partnership for the Future, Inc.  
Glen Allen, Virginia:

We have audited the accompanying statements of financial position of Partnership for the Future, Inc. (the "Organization") as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for the Future, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Keith, Stephens, Hunter, Gary & Sheaves, P.C.*

May 3, 2011  
Glen Allen, Virginia

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Financial Position  
December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 750,985	\$ 745,674
Grants and contributions receivable	<u>183,337</u>	<u>104,448</u>
Total current assets	934,322	850,122
Grants and contributions receivable, long term	<u>-</u>	<u>41,893</u>
Total assets	<u>\$ 934,322</u>	<u>\$ 892,015</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	\$ 1,587	\$ 711
Accrued expenses	<u>5,045</u>	<u>3,113</u>
Total current liabilities	<u>6,632</u>	<u>3,824</u>
Net assets:		
Unrestricted net assets	173,750	198,331
Temporarily restricted net assets	<u>753,940</u>	<u>689,860</u>
Total net assets	<u>927,690</u>	<u>888,191</u>
	<u>\$ 934,322</u>	<u>\$ 892,015</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statement of Activities  
Year Ended December 31, 2010, with Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
Revenues and other support:				
Contributions and grants	\$ 218,969	\$ 353,534	\$ 572,503	\$ 480,546
Contributed services	227,450	-	227,450	160,051
Special events	-	-	-	17,741
Miscellaneous	2,058	-	2,058	1,486
Net assets released from restrictions	289,454	(289,454)	-	-
Total revenues and other support	737,931	64,080	802,011	659,824
Expenses:				
Program services	635,805	-	635,805	528,111
Management and general	83,535	-	83,535	70,694
Fundraising	43,172	-	43,172	43,596
Total expenses	762,512	-	762,512	642,401
Change in net assets	(24,581)	64,080	39,499	17,423
Net assets, beginning of year	198,331	689,860	888,191	870,768
Net assets, end of year	\$ 173,750	\$ 753,940	\$ 927,690	\$ 888,191

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statement of Activities, Continued  
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Contributions and grants	\$ 252,266	\$ 228,280	\$ 480,546
Contributed services	160,051	-	160,051
Special Events	17,741	-	17,741
Miscellaneous	1,486	-	1,486
Net assets released from restrictions	282,045	(282,045)	-
Total revenues and other support	713,589	(53,765)	659,824
Expenses:			
Program services	528,111	-	528,111
Management and general	70,694	-	70,694
Fundraising	43,596	-	43,596
Total expenses	642,401	-	642,401
Change in net assets	71,188	(53,765)	17,423
Net assets, beginning of year	127,143	743,625	870,768
Net assets, end of year	\$ 198,331	\$ 689,860	\$ 888,191

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statement of Functional Expenses  
Year Ended December 31, 2010 with Comparative Totals for 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2010 Total</u>	<u>2009 Total</u>
Expenses:					
Computer supplies and maintenance	\$ 8,751	\$ 994	\$ 199	\$ 9,944	\$ 3,376
Donated advertising	69,762	-	-	69,762	-
Insurance	-	4,640	-	4,640	3,933
Marketing	16,476	10,690	10,800	37,966	-
Miscellaneous	4,248	778	1,283	6,309	9,859
Printing and publications	4,062	1,087	28	5,177	2,819
Professional fees	20	7,509	-	7,529	6,584
Recruiting	38	-	-	38	-
Rent	32,481	7,308	812	40,601	54,175
Salaries and related expenses	229,137	44,293	29,746	303,176	313,040
SAT class expenses	13,846	-	-	13,846	6,174
Scholarship match expenses	80,325	-	-	80,325	74,504
Staff development	2,424	5,126	7	7,557	1,862
Summer program expenses	43,253	-	-	43,253	51,203
Telephone	3,262	183	187	3,632	4,083
Transportation	112,615	927	110	113,652	110,789
Tutoring	15,105	-	-	15,105	-
	<u>\$ 635,805</u>	<u>\$ 83,535</u>	<u>\$ 43,172</u>	<u>\$ 762,512</u>	<u>\$ 642,401</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statement of Functional Expenses, Continued  
Year Ended December 31, 2009

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Computer supplies and maintenance	\$ 3,038	\$ 270	\$ 68	\$ 3,376
Insurance	-	3,933	-	3,933
Miscellaneous	6,868	1,955	1,036	9,859
Printing and publications	2,819	-	-	2,819
Professional fees	20	6,564	-	6,584
Rent	42,257	10,293	1,625	54,175
Salaries and related expenses	229,909	43,296	39,835	313,040
SAT class expenses	6,174	-	-	6,174
Scholarship match expenses	74,504	-	-	74,504
Staff development	1,034	545	283	1,862
Summer program expenses	51,203	-	-	51,203
Telephone	3,136	258	689	4,083
Transportation	<u>107,149</u>	<u>3,580</u>	<u>60</u>	<u>110,789</u>
Total expenses	<u>\$ 528,111</u>	<u>\$ 70,694</u>	<u>\$ 43,596</u>	<u>\$ 642,401</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Cash Flows  
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 39,499	\$ 17,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Grants receivable	(36,996)	27,505
Accounts payable	876	711
Accrued expenses	<u>1,932</u>	<u>1,062</u>
Net cash provided by operating activities	5,311	46,701
Cash and cash equivalents, beginning of year	<u>745,674</u>	<u>698,973</u>
Cash and cash equivalents, end of year	<u>\$ 750,985</u>	<u>\$ 745,674</u>

See accompanying notes to financial statements.

## PARTNERSHIP FOR THE FUTURE, INC.

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies:

**Nature of Organization:** Partnership for the Future, Inc., (the "Organization"), is a not-for-profit corporation organized to offer enlightening, instructive, and life-changing experiences to high-school sophomores, juniors, and seniors through internship programs with Richmond-area businesses. The Organization is dedicated to helping students with limited resources bridge academic, financial, and cultural gaps that can be a road block to selective colleges and careers.

**Basis of Accounting:** The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

**Allowance for Doubtful Accounts:** The Organization uses the reserve method of accounting for doubtful accounts. Management determined the amount of doubtful accounts was immaterial at December 31, 2010 and 2009 and no reserve was considered necessary.

**Net Assets:** The Organization classifies their net assets into two categories, unrestricted and temporarily restricted.

Unrestricted funds include funds that impose no restrictions on the Organization as to their use or purpose.

Temporarily restricted funds include funds that are primarily restricted by the donor for use in a subsequent year or a specified purpose.

## PARTNERSHIP FOR THE FUTURE, INC.

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Tax Status:** The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a charitable organization, which qualifies contributions as deductions by the donor for income tax purposes.

**Income Tax Uncertainties:** The Organization follows the Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization's tax returns for years since 2007 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

**Contributions:** Contributions received are recorded as unrestricted, or temporarily restricted, depending on the existence and/or nature of any donor restriction. For temporarily donor-imposed restrictions, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated within unrestricted net assets.

**Concentrations of Credit Risk:** Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables, and contributions. The Organization places its cash and cash equivalents with financial institutions located in Richmond, Virginia. At times, these balances can exceed the FDIC insurance limit.

Receivables are due from corporations and foundations located primarily in the Richmond metropolitan area. The Organization believes the credit risk related to these receivables is limited due to the nature of its donors.

At December 31, 2010 three contributors accounted for 96% of gross grant and contributions receivable while at December 31, 2009, three contributors accounted for 89% of gross grant and contributions receivable. For 2010 and 2009, two contributors accounted for 56% and 69% of total support, including contributions from a related company of 30% for 2010 and 52% for 2009 of total support.

**PARTNERSHIP FOR THE FUTURE, INC.**

Notes to Financial Statements, Continued

**1. Summary of Significant Accounting Policies, Continued:**

**Subsequent Events:** Management has evaluated subsequent events through May 3, 2011, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

**2. Grants and Contributions Receivable:**

Grants and contributions receivable consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Restricted grants receivable	\$ 8,200	\$ 41,893
Time restricted contributions receivable	<u>175,137</u>	<u>104,448</u>
	<u>\$ 183,337</u>	<u>\$ 146,341</u>
Amounts due in:		
Less than one year	183,337	\$ 104,448
One to five years	<u>-</u>	<u>42,500</u>
Gross contributions receivable	183,337	146,948
Less discount to present value, discount rate of 0.50% for 2009	<u>-</u>	<u>607</u>
	<u>\$ 183,337</u>	<u>\$ 146,341</u>

## PARTNERSHIP FOR THE FUTURE, INC.

### Notes to Financial Statements, Continued

#### 3. Contributed Services:

The Organization recognizes contribution revenue for certain services provided by other organizations. Those services include the following items for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Transportation expense	\$ 107,143	\$ 102,500
Rent expense	40,601	54,176
Organization promotion	69,762	-
Technology equipment and support	<u>9,944</u>	<u>3,375</u>
	<u>\$ 227,450</u>	<u>\$ 160,051</u>

#### 4. Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Scholarship match	\$ 393,437	\$ 400,762
Grants for programming	<u>360,503</u>	<u>289,098</u>
	<u>\$ 753,940</u>	<u>\$ 689,860</u>

Net assets were released from donor restrictions for the following purposes for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished:		
Scholarship match	\$ 78,325	\$ 90,068
Grants for programming	<u>211,129</u>	<u>191,977</u>
	<u>\$ 289,454</u>	<u>\$ 282,045</u>

## **PARTNERSHIP FOR THE FUTURE, INC.**

### Notes to Financial Statements, Continued

#### **5. Related Party Transactions:**

The Organization received contributions from a related party totaling \$252,110 for 2010 and \$289,453 for 2009. This includes in kind donations for donated services and office space totaling \$57,417 for 2010 and \$57,551 for 2009. This also includes \$8,824 for 2010 and \$10,834 for 2009 paid by the related party to employee retirement accounts.

#### **6. Indemnification:**

Under its articles of incorporation, the Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is unlimited; however, the Organization's insurance policies serve to limit their exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.