



Financial Statements

December 31, 2013 and 2012

PARTNERSHIP FOR THE FUTURE, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Partnership for the Future, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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; 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. 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 Partnership for the Future, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keiter", with a stylized flourish at the end.

May 8, 2014
Glen Allen, Virginia

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Financial Position
December 31, 2013 and 2012

| <u>Assets</u> | <u>2013</u> | <u>2012</u> |
|---|---------------------|-------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 1,051,698 | \$ 824,384 |
| Prepaid expenses | 300 | - |
| Grants and contributions receivable | <u>5,811</u> | <u>121,750</u> |
| Total assets | <u>\$ 1,057,809</u> | <u>\$ 946,134</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,640 | \$ 2,586 |
| Accrued expenses | <u>2,470</u> | <u>7,028</u> |
| Total current liabilities | <u>7,110</u> | <u>9,614</u> |
| Net assets: | | |
| Unrestricted net assets | 139,835 | 197,910 |
| Temporarily restricted net assets | <u>910,864</u> | <u>738,610</u> |
| Total net assets | <u>1,050,699</u> | <u>936,520</u> |
| | <u>\$ 1,057,809</u> | <u>\$ 946,134</u> |

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Activities
Year Ended December 31, 2013, with Comparative Totals for 2012

| | Unrestricted | Temporarily Restricted | 2013 Total | 2012 Total |
|--|-------------------|---------------------------|---------------------|-------------------|
| Revenues and other support: | | | | |
| Contributions and grants | \$ 240,575 | \$ 510,763 | \$ 751,338 | \$ 664,544 |
| Contributed services | 155,894 | - | 155,894 | 139,677 |
| Miscellaneous | 1,046 | - | 1,046 | 1,430 |
| Total revenues | <u>397,515</u> | <u>510,763</u> | <u>908,278</u> | <u>805,651</u> |
| Net assets released from restrictions | <u>338,509</u> | <u>(338,509)</u> | <u>-</u> | <u>-</u> |
| Total revenues and other support | <u>736,024</u> | <u>172,254</u> | <u>908,278</u> | <u>805,651</u> |
| Expenses: | | | | |
| Program services | 521,663 | - | 521,663 | 449,093 |
| Management and general | 109,062 | - | 109,062 | 118,895 |
| Fundraising | 163,374 | - | 163,374 | 101,588 |
| Total expenses | <u>794,099</u> | <u>-</u> | <u>794,099</u> | <u>669,576</u> |
| Change in net assets | <u>(58,075)</u> | <u>172,254</u> | <u>114,179</u> | <u>136,075</u> |
| Net assets, beginning of year | <u>197,910</u> | <u>738,610</u> | <u>936,520</u> | <u>800,445</u> |
| Net assets, end of year | <u>\$ 139,835</u> | <u>\$ 910,864</u> | <u>\$ 1,050,699</u> | <u>\$ 936,520</u> |

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Activities
Year Ended December 31, 2012

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenues and other support: | | | |
| Contributions and grants | \$ 212,074 | \$ 452,470 | \$ 664,544 |
| Contributed services | 139,677 | - | 139,677 |
| Miscellaneous | <u>1,430</u> | <u>-</u> | <u>1,430</u> |
| Total revenues | <u>353,181</u> | <u>452,470</u> | <u>805,651</u> |
| Net assets released from restrictions | <u>337,714</u> | <u>(337,714)</u> | <u>-</u> |
| Total revenues and other support | <u>690,895</u> | <u>114,756</u> | <u>805,651</u> |
| Expenses: | | | |
| Program services | 449,093 | - | 449,093 |
| Management and general | 118,895 | - | 118,895 |
| Fundraising | <u>101,588</u> | <u>-</u> | <u>101,588</u> |
| Total expenses | <u>669,576</u> | <u>-</u> | <u>669,576</u> |
| Change in net assets | 21,319 | 114,756 | 136,075 |
| Net assets, beginning of year | <u>176,591</u> | <u>623,854</u> | <u>800,445</u> |
| Net assets, end of year | <u>\$ 197,910</u> | <u>\$ 738,610</u> | <u>\$ 936,520</u> |

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Functional Expenses
Year Ended December 31, 2013 with Comparative Totals for 2012

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2013 Total</u> | <u>2012 Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|
| Expenses: | | | | | |
| Bad debt | \$ - | \$ - | \$ - | \$ - | \$ 230 |
| Computer supplies and maintenance | 17,226 | 973 | 269 | 18,468 | 38,492 |
| Insurance | - | 4,640 | - | 4,640 | 3,903 |
| Marketing | 942 | 660 | 561 | 2,163 | 9,631 |
| Miscellaneous | 2,322 | 1,397 | 600 | 4,319 | 2,620 |
| Printing and publications | 9,310 | 172 | 287 | 9,769 | 3,832 |
| Professional fees | - | 42,015 | 76,800 | 118,815 | 75,731 |
| Recruiting | - | - | - | - | 180 |
| Rent | 3,517 | 24,382 | 234 | 28,133 | 32,719 |
| Salaries and related expenses | 229,791 | 30,635 | 83,737 | 344,163 | 299,759 |
| SAT class expenses | 17,340 | - | - | 17,340 | 16,381 |
| Scholarship match expenses | 65,276 | - | - | 65,276 | 27,775 |
| Staff development | 931 | 2,436 | 42 | 3,409 | 650 |
| Summer program expenses | 32,468 | - | 69 | 32,537 | 26,720 |
| Telephone | 2,057 | 513 | 63 | 2,633 | 5,761 |
| Transportation | 121,355 | 1,239 | 712 | 123,306 | 103,930 |
| Year round program expenses | <u>19,128</u> | <u>-</u> | <u>-</u> | <u>19,128</u> | <u>21,262</u> |
| Total expenses | <u>\$ 521,663</u> | <u>\$ 109,062</u> | <u>\$ 163,374</u> | <u>\$ 794,099</u> | <u>\$ 669,576</u> |

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Functional Expenses
Year Ended December 31, 2012

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Expenses: | | | | |
| Bad debt | \$ - | \$ 230 | \$ - | \$ 230 |
| Computer supplies and maintenance | 27,552 | 6,517 | 4,423 | 38,492 |
| Insurance | - | 3,903 | - | 3,903 |
| Marketing | 5,714 | 1,975 | 1,942 | 9,631 |
| Miscellaneous | 1,250 | 1,199 | 171 | 2,620 |
| Printing and publications | 2,625 | 806 | 401 | 3,832 |
| Professional fees | 906 | 34,425 | 40,400 | 75,731 |
| Recruiting | 180 | - | - | 180 |
| Rent | 24,539 | 6,544 | 1,636 | 32,719 |
| Salaries and related expenses | 186,209 | 61,663 | 51,887 | 299,759 |
| SAT class expenses | 16,381 | - | - | 16,381 |
| Scholarship match expenses | 27,775 | - | - | 27,775 |
| Staff development | 355 | 244 | 51 | 650 |
| Summer program expenses | 26,660 | 30 | 30 | 26,720 |
| Telephone | 4,360 | 1,126 | 275 | 5,761 |
| Transportation | 103,325 | 233 | 372 | 103,930 |
| Year round program expenses | <u>21,262</u> | <u>-</u> | <u>-</u> | <u>21,262</u> |
| Total expenses | <u>\$ 449,093</u> | <u>\$ 118,895</u> | <u>\$ 101,588</u> | <u>\$ 669,576</u> |

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Cash Flows
Years Ended December 31, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 114,179 | \$ 136,075 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Prepaid expenses | (300) | 2,541 |
| Grants receivable | 115,939 | (111,542) |
| Accounts payable | 2,054 | 2,586 |
| Accrued expenses | <u>(4,558)</u> | <u>2,396</u> |
| Net cash provided by operating activities | 227,314 | 32,056 |
| Cash and cash equivalents, beginning of year | <u>824,384</u> | <u>792,328</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,051,698</u> | <u>\$ 824,384</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 as well as college freshman through internship and assistance 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: Contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of contributions receivable that will actually be collected. Management determined the amount of doubtful accounts was immaterial at December 31, 2013 and 2012 and no reserve was considered necessary.

Net Assets: The Organization classifies its 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 has adopted accounting guidance related to uncertainty in income taxes, which prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements. In accordance with this guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization's assessments for 2013 and 2012 determined that there were no tax positions which would require recognition. The Organization's tax returns for years since 2010 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 Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2013 and 2012, cash in excess of the insured limits amounted to \$593,924 and \$381,908, respectively.

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, 2013, two contributors accounted for 69% of gross grant and contributions receivable while at December 31, 2012, one contributor accounted for 82% of gross grant and contributions receivable. Two contributors accounted for 33% of total support for 2013 and two contributors accounted for 52% of total support for 2012. This included contributions from a related company of 16% for 2013 and 25% for 2012 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 8, 2014, 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, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> |
|--|-----------------|-------------------|
| Restricted grants receivable | \$ - | \$ 110,000 |
| Time restricted contributions receivable | <u>5,811</u> | <u>11,750</u> |
| | <u>\$ 5,811</u> | <u>\$ 121,750</u> |

All of these amounts are anticipated to be collected in 2014.

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, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> |
|------------------------|-------------------|-------------------|
| Transportation expense | \$ 108,137 | \$ 95,427 |
| Rent expense | 28,133 | 32,719 |
| Other | <u>19,624</u> | <u>11,531</u> |
| | <u>\$ 155,894</u> | <u>\$ 139,677</u> |

PARTNERSHIP FOR THE FUTURE, INC.

Notes to Financial Statements, Continued

4. Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> |
|------------------------|-------------------|-------------------|
| Scholarship match | \$ 331,941 | \$ 335,669 |
| Grants for programming | <u>578,923</u> | <u>402,941</u> |
| | <u>\$ 910,864</u> | <u>\$ 738,610</u> |

Net assets were released from donor restrictions for the following purposes for the years ended December 31, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| Purpose restrictions accomplished: | | |
| Scholarship match | \$ 55,728 | \$ 27,775 |
| Grants for programming | 282,781 | 216,506 |
| Donors release of forfeited scholarship match | <u>-</u> | <u>93,433</u> |
| | <u>\$ 338,509</u> | <u>\$ 337,714</u> |

Additionally, during 2012, the Organization obtained approval from various donors of scholarship matches to release a total of \$93,433 in matches forfeited by students that did not meet the criteria to receive a complete scholarship match. These funds are presented as unrestricted net assets on the statement of financial position. Further, the Organization has designated a total of \$9,548 in unrestricted funds for scholarship matches as of December 31, 2013.

5. Related Party Transactions:

The Organization received contributions from a related party totaling \$188,166 for 2013 and \$199,785 for 2012. This includes in-kind donations for donated services and office space totaling \$39,756 for 2013 and \$36,350 for 2012. This also includes \$8,074 for 2013 and \$7,857 for 2012 paid by the related party to employee retirement accounts.

PARTNERSHIP FOR THE FUTURE, INC.

Notes to Financial Statements, Continued

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 limited by the Code of Virginia; however, the Organization's insurance policies serve to further limit their exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.