PARTNERSHIP FOR THE FUTURE

Financial Statements

December 31, 2014 and 2013

Keiter
Your Opportunity Advisors

Certified Public
Accountants & Consultants
4401 Dominion Boulevard, 2nd Floor
Glen Allen, VA 23060

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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, 2014 and 2013, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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.

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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, 2014 and 2013, 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.

Keiter

May 13, 2015
Glen Allen, Virginia

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Financial Position
December 31, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	$ 1,008,796	$ 1,051,698
Prepaid expenses	-	300
Grants and contributions receivable	7,345	5,811
Total current assets	1,016,141	1,057,809
Website, net of accumulated amortization of $1,944	8,056	-
Total assets	$ 1,024,197	$ 1,057,809
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 660	$ 4,640
Accrued expenses	4,279	2,470
Total current liabilities	4,939	7,110
Net assets:		
Unrestricted net assets	53,849	130,287
Unrestricted net assets - Board Designated	14,090	9,548
Temporarily restricted net assets	951,319	910,864
Total net assets	1,019,258	1,050,699
	$ 1,024,197	$ 1,057,809

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Activities
Year Ended December 31, 2014, with Comparative Totals for 2013

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
Revenues and other support:				
Contributions and grants	$ 294,475	$ 384,106	$ 678,581	$ 751,338
Contributed services	190,527	-	190,527	155,894
Miscellaneous	741	-	741	1,046
Total revenues	485,743	384,106	869,849	908,278
Net assets released from restrictions	343,651	(343,651)	-	-
Total revenues and other support	829,394	40,455	869,849	908,278
Expenses:				
Program services	583,001	-	583,001	521,663
Management and general	130,022	-	130,022	109,062
Fundraising	188,267	-	188,267	163,374
Total expenses	901,290	-	901,290	794,099
Change in net assets	(71,896)	40,455	(31,441)	114,179
Net assets, beginning of year	139,835	910,864	1,050,699	936,520
Net assets, end of year	$ 67,939	$ 951,319	$ 1,019,258	$ 1,050,699

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Activities
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Contributions and grants	$ 240,575	$ 510,763	$ 751,338
Contributed services	155,894	-	155,894
Miscellaneous	1,046	-	1,046
Total revenues	397,515	510,763	908,278
Net assets released from restrictions	338,509	(338,509)	-
Total revenues and other support	736,024	172,254	908,278
Expenses:			
Program services	521,663	-	521,663
Management and general	109,062	-	109,062
Fundraising	163,374	-	163,374
Total expenses	794,099	-	794,099
Change in net assets	(58,075)	172,254	114,179
Net assets, beginning of year	197,910	738,610	936,520
Net assets, end of year	$ 139,835	$ 910,864	$ 1,050,699

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Functional Expenses
Year Ended December 31, 2014 with Comparative Totals for 2013

	Program Services	Management and General	Fundraising	2014 Total	2013 Total
Expenses:					
Amortization	$ 648	$ 648	$ 648	$ 1,944	$ -
Computer supplies and maintenance	49,400	4,445	1,332	55,177	18,468
Insurance	-	6,489	-	6,489	4,640
Marketing	2,971	300	5,957	9,228	2,163
Miscellaneous	679	3,339	4,565	8,583	4,319
Printing and publications	7,697	286	-	7,983	9,769
Professional fees	264	38,239	76,800	115,303	118,815
Rent	3,545	24,578	236	28,359	28,133
Salaries and related expenses	245,773	50,312	98,598	394,683	344,163
SAT class expenses	15,801	-	-	15,801	17,340
Scholarship match expenses	60,076	-	-	60,076	65,276
Staff development	1,407	814	12	2,233	3,409
Summer program expenses	42,098	-	-	42,098	32,537
Telephone	2,999	196	-	3,195	2,633
Transportation	120,200	376	119	120,695	123,306
Year round program expenses	29,443	-	-	29,443	19,128
Total expenses	$ 583,001	$ 130,022	$ 188,267	$ 901,290	$ 794,099

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Functional Expenses
Year Ended December 31, 2013

	Program Services	Management and General	Fundraising	Total
Expenses:				
Computer supplies and maintenance	$ 17,226	$ 973	$ 269	$ 18,468
Insurance	-	4,640	-	4,640
Marketing	942	660	561	2,163
Miscellaneous	2,322	1,397	600	4,319
Printing and publications	9,310	172	287	9,769
Professional fees	-	42,015	76,800	118,815
Rent	3,517	24,382	234	28,133
Salaries and related expenses	229,791	30,635	83,737	344,163
SAT class expenses	17,340	-	-	17,340
Scholarship match expenses	65,276	-	-	65,276
Staff development	931	2,436	42	3,409
Summer program expenses	32,468	-	69	32,537
Telephone	2,057	513	63	2,633
Transportation	121,355	1,239	712	123,306
Year round program expenses	19,128	-	-	19,128
Total expenses	$ 521,663	$ 109,062	$ 163,374	$ 794,099

See accompanying notes to financial statements.

PARTNERSHIP FOR THE FUTURE, INC.

Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ (31,441)	$ 114,179
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Amortization	1,944	-
Prepaid expenses	300	(300)
Grants receivable	(1,534)	115,939
Accounts payable	(3,980)	2,054
Accrued expenses	1,809	(4,558)
Net cash (used) provided by operating activities	(32,902)	227,314
Cash flows from investing activities:		
Website redevelopment	(10,000)	-
Net (decrease) increase in cash	(42,902)	227,314
Cash and cash equivalents, beginning of year	1,051,698	824,384
Cash and cash equivalents, end of year	$ 1,008,796	$ 1,051,698

See accompanying 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, 2014 and 2013 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.

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 2014 and 2013 determined that there were no tax positions which would require recognition. The Organization's tax returns for years since 2011 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Contributions and Grants: Contributions and grants 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. All grants and contributions receivable as of December 31, 2014 and 2013 are time restricted and are expected to be paid during the subsequent year.

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, 2014 and 2013, cash in excess of the insured limits amounted to $306,641 and $593,924, 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.

1. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk, Continued: At December 31, 2014, three contributors accounted for 56% of gross grant and contributions receivable while at December 31, 2013, two contributors accounted for 69% of gross grant and contributions receivable. Three contributors accounted for 49% of total support for 2014 and two contributors accounted for 33% of total support for 2013. This included contributions from a related company of 26% for 2014 and 16% for 2013 of total support.

Website: Website improvements are stated at cost less accumulated amortization. Major repairs and betterments are capitalized and normal maintenance is charged to expense as incurred. Amortization is computed by the straight-line methods over the estimated useful lives of the related assets, which is three years. Amortization expense was $1,944 for 2014.

Subsequent Events: Management has evaluated subsequent events through May 13, 2015, 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. 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, 2014 and 2013:

	2014	2013
Transportation expense	$ 106,486	$ 108,137
Rent expense	28,359	28,133
Information technology services	47,907	11,124
Other	7,775	8,500
	$ 190,527	$ 155,894

3. Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31, 2014 and 2013:

	2014	2013
Scholarship match	$ 320,791	$ 331,941
Grants for programming	630,528	578,923
	$ 951,319	$ 910,864

Net assets were released from donor restrictions for the following purposes for the years ended December 31, 2014 and 2013:

	2014	2013
Purpose restrictions accomplished:		
Scholarship match	$ 45,986	$ 55,728
Grants for programming	297,665	282,781
	$ 343,651	$ 338,509

The Organization has designated a total of $14,090 for 2014 and $9,548 for 2013 in unrestricted funds for scholarship matches.

4. Related Party Transactions:

The Organization received contributions from a related party totaling $238,962 for 2014 and $188,166 for 2013. This includes in-kind donations for donated services and office space totaling $76,040 for 2014 and $39,756 for 2013. This also includes $8,424 for 2014 and $8,074 for 2013 paid by the related party to employee retirement accounts.

5. 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.