



## Financial Statements

December 31, 2016 and 2015



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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, 2016 and 2015, 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.

## 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, 2016 and 2015, 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 "Keita", with a long, sweeping horizontal stroke extending to the right.

May 10, 2017  
Glen Allen, Virginia

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Financial Position  
December 31, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 1,086,143	\$ 983,322
Grants and contributions receivable	87,987	7,475
Prepaid expenses	<u>6,308</u>	<u>3,622</u>
Total current assets	<u>1,180,438</u>	<u>994,419</u>
Beneficial interest in assets held by The Community Foundation	77,563	75,000
Website, net of accumulated amortization of \$8,610 for 2016 and \$5,277 for 2015	<u>1,390</u>	<u>4,723</u>
Total assets	<u>\$ 1,259,391</u>	<u>\$ 1,074,142</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 250	\$ 4,437
Accrued expenses	<u>29,087</u>	<u>10,222</u>
Total current liabilities	<u>29,337</u>	<u>14,659</u>
Net assets:		
Unrestricted net assets	138,356	57,405
Unrestricted net assets - Board Designated	-	10,551
Temporarily restricted net assets	<u>1,091,698</u>	<u>991,527</u>
Total net assets	<u>1,230,054</u>	<u>1,059,483</u>
	<u>\$ 1,259,391</u>	<u>\$ 1,074,142</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Activities  
Year Ended December 31, 2016, with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenues and other support:				
Contributions and grants	\$ 370,301	\$ 593,792	\$ 964,093	\$ 794,524
Contributed services	249,618	-	249,618	202,639
Miscellaneous	<u>5,475</u>	<u>-</u>	<u>5,475</u>	<u>1,591</u>
Total revenues	<u>625,394</u>	<u>593,792</u>	<u>1,219,186</u>	<u>998,754</u>
Net assets released from restrictions	<u>493,621</u>	<u>(493,621)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,119,015</u>	<u>100,171</u>	<u>1,219,186</u>	<u>998,754</u>
Expenses:				
Program services	767,652	-	767,652	658,615
Management and general	125,879	-	125,879	110,242
Fundraising	<u>155,084</u>	<u>-</u>	<u>155,084</u>	<u>189,672</u>
Total expenses	<u>1,048,615</u>	<u>-</u>	<u>1,048,615</u>	<u>958,529</u>
Change in net assets	70,400	100,171	170,571	40,225
Net assets, beginning of year	<u>67,956</u>	<u>991,527</u>	<u>1,059,483</u>	<u>1,019,258</u>
Net assets, end of year	<u>\$ 138,356</u>	<u>\$ 1,091,698</u>	<u>\$ 1,230,054</u>	<u>\$ 1,059,483</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Activities  
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Contributions and grants	\$ 294,717	\$ 499,807	\$ 794,524
Contributed services	202,639	-	202,639
Miscellaneous	1,591	-	1,591
Total revenues	498,947	499,807	998,754
Net assets released from restrictions	459,599	(459,599)	-
Total revenues and other support	958,546	40,208	998,754
Expenses:			
Program services	658,615	-	658,615
Management and general	110,242	-	110,242
Fundraising	189,672	-	189,672
Total expenses	958,529	-	958,529
Change in net assets	17	40,208	40,225
Net assets, beginning of year	67,939	951,319	1,019,258
Net assets, end of year	\$ 67,956	\$ 991,527	\$ 1,059,483

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Functional Expenses  
Year Ended December 31, 2016 with Comparative Totals for 2015

	<u>Program</u>	<u>Management</u>		<u>2016</u>	<u>2015</u>
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Expenses:					
Amortization	\$ 1,111	\$ 1,111	\$ 1,111	\$ 3,333	\$ 3,333
Computer supplies and maintenance	117,410	10,265	1,320	128,995	94,931
Insurance	-	5,847	-	5,847	1,208
Marketing	954	-	1,706	2,660	797
Miscellaneous	7,553	1,205	276	9,034	6,656
Printing and publications	1,659	122	-	1,781	7,680
Professional fees	10,801	31,086	77,400	119,287	114,796
Rent	6,445	28,644	716	35,805	28,134
Salaries and related expenses	320,154	46,714	72,274	439,142	430,928
SAT class expenses	20,585	-	-	20,585	16,587
Scholarship match expenses	100,018	-	-	100,018	76,580
Staff development	1,092	782	29	1,903	959
Summer program expenses	43,255	-	-	43,255	42,508
Telephone	2,607	80	194	2,881	3,468
Transportation	93,952	23	58	94,033	94,979
Year round program expenses	<u>40,056</u>	<u>-</u>	<u>-</u>	<u>40,056</u>	<u>34,985</u>
 Total expenses	 <u>\$ 767,652</u>	 <u>\$ 125,879</u>	 <u>\$ 155,084</u>	 <u>\$ 1,048,615</u>	 <u>\$ 958,529</u>

See accompanying notes to financial statements.



**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Functional Expenses  
Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Amortization	\$ 1,111	\$ 1,111	\$ 1,111	\$ 3,333
Computer supplies and maintenance	86,542	7,257	1,132	94,931
Insurance	-	1,208	-	1,208
Marketing	52	52	693	797
Miscellaneous	5,764	509	383	6,656
Printing and publications	5,678	44	1,958	7,680
Professional fees	12,965	25,031	76,800	114,796
Rent	5,064	22,507	563	28,134
Salaries and related expenses	271,936	52,176	106,816	430,928
SAT class expenses	16,587	-	-	16,587
Scholarship match expenses	76,580	-	-	76,580
Staff development	922	37	-	959
Summer program expenses	42,508	-	-	42,508
Telephone	3,155	250	63	3,468
Transportation	94,766	60	153	94,979
Year round program expenses	<u>34,985</u>	<u>-</u>	<u>-</u>	<u>34,985</u>
 Total expenses	 <u>\$ 658,615</u>	 <u>\$ 110,242</u>	 <u>\$ 189,672</u>	 <u>\$ 958,529</u>

See accompanying notes to financial statements.

**PARTNERSHIP FOR THE FUTURE, INC.**

Statements of Cash Flows  
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 170,571	\$ 40,225
Unrealized gain on funds invested with The Community Foundation	(2,563)	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	3,333	3,333
Prepaid expenses	(2,686)	(3,622)
Grants receivable	(80,512)	(130)
Accounts payable	(4,187)	3,777
Accrued expenses	<u>18,865</u>	<u>5,943</u>
Net cash provided by operating activities	<u>102,821</u>	<u>49,526</u>
Cash flows used in investing activities:		
Investment of funds with The Community Foundation	<u>-</u>	<u>(75,000)</u>
Net increase (decrease) in cash	102,821	(25,474)
Cash and cash equivalents, beginning of year	<u>983,322</u>	<u>1,008,796</u>
Cash and cash equivalents, end of year	<u>\$ 1,086,143</u>	<u>\$ 983,322</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, 2016 and 2015 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 2016 and 2015 determined that there were no tax positions which would require recognition. 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 statements 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, 2016 and 2015 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, 2016 and 2015 cash was under the insured limits.

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.

## PARTNERSHIP FOR THE FUTURE, INC.

### Notes to Financial Statements, Continued

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

**Concentrations of Credit Risk, Continued:** At December 31, 2016, two contributors accounted for 72% of gross contributions receivables. At December 31, 2015, four contributors accounted for 88% of gross contributions receivables. One contributor accounted for 28% of total support for 2016 and two contributors accounted for 40% of total support for 2015. This included contributions from a related company of 28% for 2016 and 29% for 2015 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 \$3,333 for 2016 for 2015.

**Reclassification:** Certain prior year balances have been reclassified to conform with the current year presentation.

**Subsequent Events:** Management has evaluated subsequent events through May 10, 2017, 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Transportation expense	\$ 87,531	\$ 82,291
Rent expense	35,805	28,134
Information technology services	118,282	79,793
Other	<u>8,000</u>	<u>12,421</u>
	<u>\$ 249,618</u>	<u>\$ 202,639</u>

**PARTNERSHIP FOR THE FUTURE, INC.**

Notes to Financial Statements, Continued

**3. Temporarily Restricted Net Assets:**

Temporarily restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Scholarship match	\$ 261,758	\$ 314,443
Grants for programming	<u>829,940</u>	<u>677,084</u>
	<u>\$ 1,091,698</u>	<u>\$ 991,527</u>

Net assets were released from donor restrictions for the following purposes for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Scholarship match	\$ 100,018	\$ 66,029
Grants for programming	<u>393,603</u>	<u>393,570</u>
	<u>\$ 493,621</u>	<u>\$ 459,599</u>

The Organization has designated a total of \$10,551 for 2015 in unrestricted funds for scholarship matches. There were no board designations in 2016.

**4. Related Party Transactions:**

The Organization received contributions from a related party totaling \$337,155 for 2016 and \$314,433 for 2015. This includes in-kind donations for donated services and office space totaling \$154,087 for 2016 and \$107,927 for 2015. This also includes \$8,489 for 2016 and \$8,462 for 2015 paid by the related party to employee retirement accounts.

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

### Notes to Financial Statements, Continued

#### **5. Beneficial Interest in Assets Held by The Community Foundation:**

During 2015, the Organization, with the help of The Community Foundation, established the Partnership for the Future Endowment Fund (the "Fund") with funds designated as temporarily restricted by donors. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Fund is administered by The Community Foundation and is subject to certain terms and conditions regarding withdrawals of income and access to principal. Spendable income is not to exceed 5% of the average endowment balance over the last twelve quarters. The Organization may not access the principal balance of the Fund unless there is an affirmative vote of three-fourths of the board of directors and the following conditions are met: (i) the distribution is for the purpose of acquiring or renovating a capital asset (ii) the Organization is faced with an unexpected financial need that is not likely to recur and the distribution will enable the Organization to meet those needs; or (iii) the distribution is believed to be in the best interest of the community. The Community Foundation's Board of Governors has full authority and discretion as to the investment of the assets, as well as certain variance power as defined in the agreement. The money for the Fund was received by The Community Foundation in December 2015 and is recognized on the accompanying Statements of Financial Position as a beneficial interest in assets held by The Community Foundation. The Fund is valued at net asset value ("NAV") and, therefore, has not been classified in the fair value hierarchy in accordance with subtopic 820-10 of the Accounting Standard Codification. The Fund has a balance of \$77,563 as of December 31, 2016 and \$75,000 as of December 31, 2015.

#### **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.

## PARTNERSHIP FOR THE FUTURE, INC.

### Notes to Financial Statements, Continued

#### 7. New Accounting Guidance:

**Not-for-Profit Financial Statements:** In August 2016, FASB issued ASU No. 2016-14, “Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities”, which both simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Key changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets—net assets with donor restrictions and net assets without donor restrictions
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of *net assets with donor restrictions* and requires additional disclosures for underwater endowment funds
- Requires all not-for-profits to provide expenses by nature and function
- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources

The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The Organization has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.