FUTURES, INC.
DAYTONA BEACH, FLORIDA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORTS
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FUTURES, INC.
Daytona Beach, Florida

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Independent Auditors' Report

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BMC | CPAs
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Futures, Inc.
Daytona Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Futures, Inc. (the "Organization"), a component unit of Volusia County District School Board, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BMC CPAs

October 16, 2019

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the financial management of Futures, Inc. (hereinafter referred to as the "Organization"), we offer the readers of these financial statements this narrative overview and analysis of the Organization's financial activities for the fiscal year that ended on June 30, 2019. This discussion and analysis is designed to assist the financial statement reader in focusing on particular financial items and activities and to identify important changes in financial position. We encourage readers to consider the information presented here in conjunction with the Organization's financial statements, which follow this information.

Financial Highlights

- The Organization's overall combined assets totaled $2,076,513 at the close of 2019 which compared very favorably with $1,843,043 at the close of 2018 and $1,779,218 at the close of 2017. Total assets exceeded liabilities by $2,076,513, $1,843,043, and $1,779,218 *(combined net position)* at the close of 2019, 2018 and 2017 respectively. The Organization did not have any liabilities at the close of 2019, 2018 and 2017.

- The Organization's combined net position increased by $233,470 from 2018 to 2019, a 12.7% increase. The majority of the 2019 increase resulted from two donations establishing two restricted scholarship funds benefitting the Take Stock in Children Program (TSIC). From 2017 to 2018, the combined net position increased $63,825 which represented a 3.6% increase which was less substantial than the 9.2% increase of $150,297 from 2016 to 2017. The restricted expendable portion of net position of $986,422 increased by $51,169 from 2018 to 2019. This was higher than the $5,377 increase from 2017 to 2018 and $27,755 increase from 2016 to 2017. The unrestricted net position was $872,885 at June 30, 2019, a slight decrease of $12,062 from the prior year. The unrestricted net position of $884,947 at June 30, 2018 represented an increase of $58,248 from the prior year due to continued fundraising success, an increase in investment earnings and increase in general contributions, donation and support. For comparison, the unrestricted net position increased $122,542 to $826,699 at the close of 2017 with the majority resulting due to enhanced fundraising success, an increase in investment earnings, and from the continued utilization of restricted resources. The unrestricted portion of net position represents unrestricted amounts that may be used to meet the Organization's ongoing obligations for its discretionary program activities.

- The Organization's revenues from direct public support totaled $555,678 in 2019 compared to $605,913 in 2018, an decrease of $50,235 or 8.3%. The 2019 decrease was attributed to receipt of several non-recurring grants and donations for specific purposes in 2018. The $555,678 in 2019 was similar to direct public support of $564,912 in 2017.The increase in 2018 was primarily the result of increased corporate and individual support with a portion designated to hurricane initiatives which was non-recurring.

- The Organization's fundraising activities produced revenues of $186,060 which compared favorably to $139,203 in 2018 and $118,150 in 2017. The 2019 increase of $46,857 and 2018 increase of $21,053 are attributed to growth in support associated with the key annual fundraiser, the Caribbean Party, and an increase in FUTURES Club Memberships. The popularity of the Caribbean Party has attracted new auction donations, sponsorships and attendees.

- The Organization received $136,277 in restricted grant funds from government sources in support of the Organization's various activities and programs. These grants and other Organization funds were used to monitor prepaid college tuition scholarships from the Florida Prepaid College Foundation, award School District Education Foundation State Matching Grants to schools within the Volusia County School District, and to fund other various program related activities. The TSIC Program and School District Education Foundation (SDEF) State Matching grants are funded annually through the Florida Legislature.

- During 2019, the Organization expended $120,193, compared to $92,708 in 2018, to acquire prepaid four-year college tuition scholarships from the Florida Prepaid College Foundation to benefit future qualifying participants in the Take Stock in Children (TSIC) Program. The 2019 level of scholarship purchases was higher than 2018 based on donations received for TSIC. All scholarship contributions currently are matched 100% through legislative funding for the Stanley G. Tate Project STARS (Scholarship Tuition For At-Risk Students) within the Florida Prepaid College Foundation which enhances each dollar donated locally. TSIC is a statewide scholarship and mentoring program for at-risk, low-income students for which the Organization is the Volusia County facilitator.

Overview of the Financial Statements

The Organization presents its financial statements for the fiscal year ended June 30, 2019, which include for comparative purposes the fiscal years ended June 30, 2018 and 2017, certain accounts of which have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. The Organization is a direct support organization and a component unit of the Volusia County District School Board (a governmental agency). It also possesses the necessary characteristics of a governmental organization since the potential for unilateral dissolution with the reversion of its net position to the School District exists pursuant to Section 1001.453(1)(a)(1), Florida Statutes. The Organization accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Organization is considered a Business-Type Activity under the provisions of GASB 34 and 35.

The Organization's financial statements are comprised of two parts: 1) management's discussion and analysis, and 2) the basic financial statements, including notes to the financial statements.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Organization's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Organization's financial activities, which are operated like commercial enterprises. These statements report information about the Organization using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Organization's assets and liabilities, both financial and capital, and short-term and long-term debt (when applicable) are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

The basic financial statements of the Organization include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements, which are described as follows:

- The statement of net position presents the financial position of the Organization on a full accrual, historical cost basis. This statement provides information about the nature and amount of resources and obligations at year-end.

- The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Organization's various programs and administrative activities.

- The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets, when applicable.

- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Organization's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Entity-Wide Financial Analysis

The Organization's entity-wide financial statements report its net position and how the position has changed over the reporting period. Net position is the sum of assets (both financial and tangible) minus all current liabilities and short and long-term debt obligations. Net position is a valuable measure of creditworthiness and financial health since the calculation includes both financial obligations and the capacity to service those obligations. Over time, increases or decreases in net position are a useful indicator of whether the Organization's financial health is improving or deteriorating, respectively. However, other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation must be considered to adequately assess its overall health.

Net Position. This year, the Organization's combined total assets exceeded liabilities (net position) by $2,076,513, compared to $1,843,043 at the end of 2018, and $1,779,318 at the end of 2017. The material portion of the Organization's net position (54%) reflects its investment in surplus cash funds and investments, approximately 21.9% of which has been temporarily or permanently restricted by the donors. The Organization's investment in prepaid student scholarship awards represents approximately 44% of its net position at year-end. The Organization's assets do not include any physical real or personal property, all of which is owned exclusively by the School District.

The net position of the Organization at June 30, is summarized as follows:

Net Position
June 30,

	2019	2018	2017
Assets:			
Current and other assets	$ 1,094,118	$ 940,213	$ 955,649
Noncurrent assets	982,395	902,830	823,569
Total assets	2,076,513	1,843,043	1,779,218
Liabilities:			
Current liabilities	-	-	-
Noncurrent liabilities	-	-	-
Total liabilities	-	-	-
Net Position:			
Restricted-nonexpendable	217,206	22,843	22,843
Restricted-expendable	986,422	935,253	929,676
Unrestricted	872,885	884,947	826,699
Total net position	$ 2,076,513	$ 1,843,043	$ 1,779,218

The Organization's total assets increased by $233,470, or 12.7% in 2019, compared to an increase of $63,825, or 3.6%, at the end of 2018 and an increase of $150,297, or 9.2%, at the end of 2017. As of June 30, 2019, the Organization's total assets consisted of cash and cash equivalents ($181,426) and certificates of deposit and mutual fund investments ($933,881), which make up approximately 54% of total assets (compared to 52% and 52% as of June 30, 2018 and 2017, respectively). Net amounts invested in prepaid tuition scholarships held by the Florida Prepaid College Foundation increased $80,065 in 2019 and totaled $921,149, or 44% of total assets (46% and 46% as of June 30, 2018 and 2017, respectively). These amounts reflect the two primary activities of the Organization in the areas of scholarships and program enhancement.

The Organization did not have any liabilities at the close of 2019, 2018 or 2017.

The amount of expendable temporarily restricted assets for donor designated uses increased by $51,169 during the year and totaled $986,422 at June 30, 2019, compared to $935,253 and $929,676 at the end of 2018 and 2017, respectively. The significant portion (93%) of these restricted funds is represented by the Organization's program funds which are held for, or currently invested in, prepaid tuition scholarships held by the Florida Prepaid College Foundation ($921,149 at the end of 2019). Temporarily restricted scholarship funds ($53,976), and split-interest investment in a charitable remainder trust ($11,297) represent the remaining 7% of restricted funds at the end of 2019.

Amounts permanently restricted at the end of 2019 totaled $217,206 which includes two new scholarship funds designated for Take Stock in Children in addition to $22,843 of nonexpendable endowment contributions. The 2018 and 2017 amount of permanently restricted assets totaling $22,843 are composed solely of nonexpendable endowment contributions which may only be expended for donor pre-designated uses.

Unrestricted net position totaled $872,885 at the end of 2019, compared to $884,947 and $826,699 at the end of 2018 and 2017, respectively.

Statement of Revenue, Expenses and Changes in Net Position. While the statement of net position shows a snapshot of the Organization's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes in net position during a period.

During 2019, the Organization's total operating revenues totaled $891,474, a decrease of $24,033 or 2.6% from 2018. In 2018, the Organization's total operating revenues totaled $915,507, an increase of $46,431 or 5.3% from 2017. Revenues collected from fundraising activities in 2019 continue to increase and totaled $186,060 which compared favorably to $139,203 in 2018 and $118,150 in 2017. This continued increase in fundraising revenue was attributed to increased participation in the community and from the solicitation of additional in-kind support for the Caribbean Party's auctions.

The Organization's operating expenses totaled $897,697 in 2019 which was $33,010 higher than $864,687 in 2018 and $754,272 in 2017. Program service expenses were varied in 2019 totaling $601,718 which was lower than $627,362 in 2018 and $522,942 in 2017. These 2019 expenses included $148,526 in teacher mini-grants and other grants benefitting Volusia County School District programs, $167,606 in the School District Education Foundation Matching Grants Program, $46,177 in utilization of Florida Prepaid College Foundation tuition credits by TSIC scholars, and $93,095 for administration of the TSIC program. The costs of the Organization's fundraising activities remained within anticipated expense levels in 2019 at $26,465 compared to $28,094 in 2018 and $24,665 in 2017.

Amounts expended on acquiring prepaid student tuition scholarships totaled $120,193 in 2019, compared to $92,708 in 2018 and $128,197 one year earlier. In 2019, the Organization continued to utilize the unused portions of previously acquired prepaid student college tuition contracts that remained unused for more than ten years. In 2019, as a net result of the successful modification of contracts, including current year acquisitions, the Organization was able to add sixteen 120-hour college tuition contracts. In 2018, as a net result of the successful modification of contracts, including current year acquisitions, the Organization was able to add fourteen 120-hour college tuition contracts. In 2017, the Organization acquired twenty-one 120-hour college tuition contracts.

The Organization's other general and administrative costs increased over each of the past two years. Amounts expended in 2019 totaled $269,514, compared to $209,231 and $206,665 in 2018 and 2017 respectively. During 2019, the Organization added a full-time Program Coordinator position which is reflected in the increase in administrative salary costs of $136,388 as compared to $101,465 in 2018. The Organization made this investment in human capital to enhance the Executive Director's presence within the community and expansion of programs through new donations. The 2019 administrative salary costs ($87,149) associated with the TSIC Program were slightly higher than those of $84,695 and $80,438 in 2018 and 2017 respectively. The majority of the salary/benefit expenses associated with the TSIC Program was financed through $69,965, $72,405 and $72,238, respectively in 2019, 2018 and 2017, in appropriated state funds in the TSIC grant program. This important legislatively funded financial assistance is used to reduce the Organization's dependence on donor and School District support of administrative activities.

The following is a summary of revenues, expenses and changes in net position:

Revenues, Expenses and Changes in Net Position
For the Years Ended June 30,

	2019	2018	2017
Operating Revenues:			
Contributions, donations and corporate support	$ 555,678	$ 605,913	$ 564,912
State grants	136,277	155,269	170,358
Fundraising	186,060	139,203	118,150
Other revenues	13,459	15,122	15,656
Total operating revenues	891,474	915,507	869,076
Operating Expenses:			
Program services	601,718	627,362	522,942
Support services	295,979	237,325	231,330
Total operating expenses	897,697	864,687	754,272
Operating income (loss)	(6,223)	50,820	114,804
Nonoperating income (loss)	239,693	13,005	35,493
Increase in net position	233,470	63,825	150,297
Net position-beginning of year	1,843,043	1,779,218	1,628,921
Net position-end of year	$ 2,076,513	$ 1,843,043	$ 1,779,218

Cash Flows

Net cash provided by operating activities amounted to $35,761 for the past fiscal year and compared to $115,034 in 2018 and $176,115 in 2017. The 2019 decrease in net cash provided by operating activities is partially attributable to the aforementioned addition of a Program Coordinator and higher amount of scholarship purchases. Spending for fundraising activities remained stable during the past three fiscal years while fundraising income increased to $186,060 in 2019 from $139,203 in 2018. Program expenditures decreased in 2019 as compared to 2018 due to the receipt in 2018 of multiple single-purpose non-recurring pass-through grants, i.e. hurricane assistance. It is the Foundation's desire to continue to expand its mini-grants and scholarship tuition programs.

Cash flows used in investing activities totaled $132,434 this past fiscal year compared to $436,064 and $180,497 in 2018 and 2017, respectively. In 2018, the majority of the fiscal year cash flows used in investing activities resulted from rebalancing of cash into an investment account.

The Organization invests a portion of its surplus cash and permanently restricted cash funds in mutual funds and through its managed portfolio this portion is rebalanced. throughout the year. The Organization's cash and investments totaled $1,115,307 at the end of 2019 which was $199,661 higher due to the addition of two restricted scholarship funds benefitting Take Stock in Children. The $915,646 at the end of 2018 was slighted lower than the $935,889 at the end of 2017. Interest rates on invested funds have remained relatively unchanged during 2019.

Economic Factors that will Affect the Future

Charitable giving continues to be significantly affected by many factors including the general state of the economy, the health of the stock market and prospective donors' perception of the benefiting organization. Toward this latter factor, the Organization has historically enjoyed a very positive reputation in the communities it serves. While economic factors do ultimately affect charitable giving in general, the Organization has developed a history of steady growth regardless of negative changes in these factors.

Some of the major factors considered by the Organization in the process of predicting future economic factors are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a countywide Civilian Labor Force of 258,182 at the end of June 2019, compared with 256,958 at the end of June 2018, and 251,870 at the end of June 2017. The number of unemployed workers dropped from 10,275 (or 4.0 %) at the end of June 2018 to 9,498 (or 3.7%) at the end of June 2019. Unemployed workers totaled 11,370 (or 4.5%) at the end of June 2017.

- Inflationary trends for Volusia County compare favorably with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Executive Director, Futures, Inc., C/O Volusia County Schools, 3750 Olson Dr., Daytona Beach, Florida 32124.

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Financial Statements

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STATEMENTS OF NET POSITION
June 30, 2019 and 2018
FUTURES, INC.
Daytona Beach, Florida

	2019	2018
Assets:		
Current Assets:		
Cash and cash equivalents	$ 153,710	$ 202,032
Investments	666,726	614,704
Accounts receivable	500	3,766
Prepaid expenses	2,000	2,700
Restricted Assets:		
Cash and cash equivalents	27,716	76,067
Investments	217,206	22,843
Accounts receivable	26,260	18,101
Total current assets	1,094,118	940,213
Noncurrent Assets:		
Investments	49,949	50,062
Restricted Assets:		
Assets held in charitable remainder trust	11,297	11,684
Florida prepaid scholarships	921,149	841,084
Total restricted noncurrent assets	982,395	902,830
Total assets	$ 2,076,513	$ 1,843,043
Liabilities and Net Position:		
Current Liabilities:		
Accounts payable	$ -	$ -
Total current liabilities	-	-
Net Position:		
Restricted:		
Nonexpendable	217,206	22,843
Expendable	986,422	935,253
Unrestricted	872,885	884,947
Total net position	2,076,513	1,843,043
Total liabilities and net position	$ 2,076,513	$ 1,843,043

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2019 and 2018
FUTURES, INC.
Daytona Beach, Florida

	2019	2018
Operating Revenues:		
Contributions, donations and support	$ 555,678	$ 605,913
State and local grants	136,277	155,269
Fundraising	186,060	139,203
License and tag revenues	13,459	15,122
Total operating revenues	891,474	915,507
Operating Expenses:		
Program Services:		
Mini-grants	148,526	143,981
Scholarships and tuition reimbursements	310,250	326,926
Other programs	142,942	156,455
Total program services	601,718	627,362
Support Services:		
General and administrative	269,514	209,231
Fundraising	26,465	28,094
Total support services	295,979	237,325
Total operating expenses	897,697	864,687
Operating income (loss)	(6,223)	50,820
Nonoperating revenue:		
Endowments	194,364	-
Investment income	45,329	13,005
	239,693	13,005
Changes in net position	233,470	63,825
Net Position, beginning of year	1,843,043	1,779,218
Net Position, end of year	$ 2,076,513	$ 1,843,043

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

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018
FUTURES, INC.
Daytona Beach, Florida

	2019	2018
Cash Flows From Operating Activities:		
Cash received from contributions and donations	$ 487,032	$ 542,387
Cash received from fundraising	186,060	139,203
Cash received from grants	128,118	155,228
Cash paid for scholarship and tuition reimbursements	(186,729)	(173,210)
Cash paid for other program expenses	(218,273)	(296,436)
Cash paid for administrative costs	(121,557)	(35,619)
Cash paid for personal services and benefits	(220,271)	(189,925)
Cash paid for fundraising activities	(18,619)	(26,594)
Net cash provided by operating activities	35,761	115,034
Cash Flows From Investing Activities:		
Cash received from investment earnings	45,082	12,928
Cash received from investment sales	218,023	217,631
Cash received for purchase of investment	194,364	-
Cash paid for investment purchases	(469,710)	(567,970)
Cash paid for prepaid scholarships	(120,193)	(98,653)
Net cash provided by (used in) investing activities	(132,434)	(436,064)
Net increase (decrease) in cash and cash equivalents	(96,673)	(321,030)
Cash and Cash Equivalents - Beginning of Year	278,099	599,129
Cash and Cash Equivalents - End of Year	$ 181,426	$ 278,099
Cash and Cash Equivalents - Unrestricted	$ 153,710	$ 202,032
Cash and Cash Equivalents - Restricted	27,716	76,067
	$ 181,426	$ 278,099
Reconcilation of Change in Net Position To Net Cash Provided By Operating Activities:		
Operating income (loss)	$ (6,223)	$ 50,820
Adjustments to Reconcile Changes in Net Position to Net Cash Provided by Operating Activities:		
Amortization	46,177	69,021
Changes in Assets - (Increase) Decrease In:		
Accounts receivable	(4,893)	(3,807)
Prepaid expenses	700	(1,000)
Net cash provided by operating activities	$ 35,761	$ 115,034

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

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Notes to the Financial Statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Futures, Inc. (the "Organization") is a direct support organization (as defined in Section 1001.453, Florida Statutes), and is considered a component unit of the Volusia County District School Board (the "School District") for financial reporting purposes. The Organization was formed as a I.R.C. Section 501(c)(3) nonprofit corporation on March 4, 1985, whose objective is to develop a partnership between the community and its schools for the enhancement and support of public education in Volusia County, Florida. It also possesses the necessary characteristics of a governmental organization since the potential for unilateral dissolution with the reversion of its net assets to the School District exists pursuant to Section 1001.453(1)(a)(1), Florida Statutes.

Basis of Presentation – As a component unit of the School District, the financial statements of the Organization have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the standard setting body for governmental accounting and financial reporting. The Organization has followed the financial presentation model of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Basis of Accounting and Financial Reporting – For financial reporting purposes, the Organization is considered a special-purpose government entity engaged exclusively in business-type activities. Accordingly, the Organization's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

Financial Statement Classification – The basic financial statements required for proprietary funds by GASB 34 are: a statement of net position or a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Organization's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Fund Accounting – To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Organization's financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Organization's cash and cash equivalents include unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively. When both restricted and unrestricted resources are available for a specific use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

Classification of Revenues - The Organization's principal operating activity is education program support programs and student scholarships. Operating revenues include private contributions, donations, community support, and grant income and expenses and all fiscal transactions related to education and support, Organization management, and fundraising. Non-operating revenues include investment income and earnings and contributions restricted for capital additions or endowments.

Donor Restricted Accounts – Restricted net position is cash, time deposits, and other investments that have been received through fundraising events, community support and grant funds that are designated for specific program funding, endowment funds, and prepaid college scholarships that have not yet been awarded or fully utilized. Investment income, including unrealized appreciation and depreciation, is allocated to restricted accounts on a pro rata basis based on the nonexpendable account balance. In accordance with state law, these funds are then available for expenditure when the specific restrictive donor criteria are met.

Cash and Cash Equivalents - Cash and cash equivalents represent both restricted and unrestricted cash in checking and money market accounts and include all highly liquid investments with initial maturities of three months or less.

I**nvestments –** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net position. Investment income and gains restricted by a donor are reported as increases in unrestricted net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounts and Pledges Receivable - The Organization's accounts receivable mainly consist of amounts receivable from grant funding for programs administered by the Organization. The Organization considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The Organization does not recognize any pledges for future amounts receivable from various entities and individuals for scholarships until such amounts are considered earned.

Capital Assets – The Organization has not acquired any capital assets of its own; the Organization’s operations are maintained at facilities owned and operated by the School District at no cost to the Organization. When applicable, capital asset acquisitions intended for direct contribution to the School District are recorded as expenditures in the Organization's accounting records. Similarly, the costs of ongoing construction and/or rehabilitation projects related to capital assets of the School District are accumulated until completion of construction, at which time the aggregate costs are recognized as a direct contribution to the School District in the Organization’s accounting records.

Net Position - The Organization's net position is classified as follows:

- Restricted Net Position - Expendable - includes resources the Organization is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

- Restricted Net Position - Nonexpendable - consists of endowment and similar type funds in which donors or outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.

- Unrestricted - represents net position that is not restricted for any purpose and available for current operations.

Fair Value of Financial Instruments - The Organization did not hold any derivative instruments for trading purposes at June 30, 2019 and 2018, and does not invest in derivative instruments. The carrying amount of cash, investments, receivables and payables approximates fair value.

Temporarily restricted contributions receivable under irrevocable split-interest agreements held by third-party trustees are recorded at fair value when received. Contribution revenue and the beneficial interest in trust are measured at the present value of the estimated future distributions the Organization expects to receive over the split-interest agreement's term or upon termination of the agreement. On an annual basis, the Organization recognizes changes in the fair value of its beneficial interest using the same valuation technique that it initially used to measure the beneficial interest, except that the present value discount rate is revised to reflect current market conditions.

Donated Property, Materials and Services – When applicable, donated property, materials, marketable securities, goods and services used to further the purposes of the Organization are recorded at estimated fair value at the time of donation.

In-kind Contributions - In-kind contributions represent the fair market values for goods and services provided for the Organization. Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. These contributions are recognized as components of contributions, donations and support, when applicable.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the allocation of salary costs to different program services and support services.

Revenue Recognition – An exchange or exchange-like transaction is one in which each party receives and sacrifices something of approximate equal value. Amounts received from exchange transactions are recognized as revenue when the exchange transaction takes place.

A non-exchange transaction is one in which one party receives something of value without directly giving value in exchange. Non-exchange transactions may include, but are not limited to:

- Gifts/donations - Assets are recognized when all eligibility requirements are met or funds are received; whichever is first. Revenue is recognized when all eligibility requirements have been met. If a gift is received prior to meeting eligibility requirements, it is recorded as deferred revenue. Eligibility requirements are conditions specified by a donor that must be met, such as time requirements or matching requirements. Purpose restrictions are not eligibility requirements and do not affect revenue recognition. Gifts received with purpose restrictions are reported as restricted until used for a designated purpose or until the restriction expires.

Some gifts are received with the stipulation that the resources cannot be sold, disbursed, or consumed until a specified number of years have passed or a specific event has occurred, such as endowments, term endowments, works of art and historical treasures. For these gifts, revenues are recognized when the resources are received, provided that all eligibility requirements are met. Resulting net assets are reported as restricted for as long as the restrictions or time requirements remain in effect.

- Certain grants, entitlements - Assets are recognized when all eligibility requirements are met or funds are received; whichever is first. Revenue is recognized when all eligibility requirements have been met. If grant funds are received prior to meeting eligibility requirements, they are recorded as deferred revenue. Eligibility requirements are conditions specified by the grantor that must be met, such as an eligible recipient, time requirements, matching requirements, etc. Purpose restrictions are not eligibility requirements and do not affect revenue recognition. Grants received with purpose restrictions are reported as restricted.

- Promises to give (pledges) – Amounts must be promised by a non-governmental entity – individual, business, or organization. Asset (receivable) and revenue are recognized when all eligibility requirements are met and amount is verifiable, measurable, and collection is probable (likely to occur). Endowment pledges are generally not recognized until received since the promise to not sell, disburse, or consume the asset cannot be honored until the asset has been received.

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Investment earnings with donor restrictions are recorded as restricted net assets based on the nature of the restrictions.

The Organization's endowment spending policy is to allocate up to five percent of the trailing three year average of the overall investment assets' market value. Both current income and realized and unrealized appreciation may be considered in applying this spending rule.

Employee Salaries and Benefits – Generally, all administration and management functions of the Organization are performed by individuals whose salaries, wages and related employee benefits are paid by the School District. On an annual basis, the Organization reimburses the School District for a predetermined portion of the actual salaries, wages and benefits incurred, approximately one-half of which is recovered through education grant program activities. Accordingly, the Organization does not recognize any pro-rata portion of the liabilities for employment related benefits (i.e., employee insurance premiums, pension obligations, and other post-employment benefit obligations) of the School District.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code; accordingly, no provision for Federal and State income taxes has been made in the accompanying financial statements.

The Organization has adopted the standard for accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement principle for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

The Organization's tax returns (Form 990 and attachments) are subject to review and examination by Federal and State authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise taxes. The tax returns for the fiscal years ending 2016 to 2019 are open to examination by Federal and State authorities.

New Accounting Standards – The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement 83,*"Certain Asset Retirement Obligations."* The objective of this statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The implementation of this statement had no significant effect on the financial statements.
- Statement 88, *"Certain Disclosures Related to Debt."* The objective of this statement is to better improve the disclosure in notes to governmental financial statements related to debt, including direct borrowings and direct placements. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The implementation of this statement had no significant effect on the financial statements.

The Organization is currently evaluating the effects that the following GASB Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement 84, *"Fiduciary Activities."* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

- Statement 87, *"Leases."* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

- Statement 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* The objectives of this statement are to better improve relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

- Statement 90, *"Major Equity Interests."* The objective of this statement is to better improve the consistency and comparability of reporting government's majority equity interest in a legally separate organization. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
- Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits. The carrying amount of the Organization's cash and time deposits was $181,426, and the related bank balances were $207,826. The carrying amount of the Organization's cash and time deposits at June 30, 2018, was $278,099, and the related bank balances were $337,437. At June 30, 2019, $285,116 of the Organization's cash and time deposits and certificates of deposit were deposited in Florida Qualified Public Depository (QPD) accounts, while money market funds totaling $54,061 were deposited in an institutional broker account that is not insured by the Federal Depository Insurance Corporation (FDIC).

Investments. The Organization also has investments that are maintained in an institutional brokerage account that is not fully insured by the Federal Depository Insurance Corporation. The total amounts invested at June 30, 2019 and 2018 were $933,882 and $687,609, respectively. The composition of the investments and their maturities at June 30, 2019 and 2018 are as follows at:

		Investment Maturities (Years)			
	Fair Value	Less Than 1	From 1 to 5	From 6-10	Over 10
At June 30, 2019:					
Unrestricted:					
Mutual funds	$ 612,985	$ 612,985	$ -	$ -	$ -
Certificates of deposit with QPD Banks	103,691	53,742	49,949	-	-
Restricted:					
Mutual funds	217,206	217,206	-	-	-
Totals	$ 933,882	$ 883,933	$ 49,949	$ -	$ -
At June 30, 2018:					
Unrestricted:					
Mutual funds	$ 564,689	$ 564,689	$ -	$ -	$ -
Certificates of deposit with QPD Banks	100,077	50,015	50,062	-	-
Restricted:					
Mutual funds	22,843	22,843	-	-	-
Totals	$ 687,609	$ 637,547	$ 50,062	$ -	$ -

Fair Values. The cost and fair value of the Organizations deposits and investments are as follows at:

	June 30, 2019			June 30, 2018		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Deposits:						
Demand deposit accounts	$ 181,425	$ 181,425	$ -	$ 278,099	$ 278,099	$ -
Investments:						
Certificates of deposit with QPD Banks	103,691	103,691	-	100,077	100,077	-
Mutual Funds:						
Restricted for permanent endowment	210,181	217,206	7,025	22,662	22,843	181
Unrestricted for board designated endowment	631,767	612,985	(18,782)	562,203	564,689	2,486
	945,639	933,882	(11,757)	684,942	687,609	2,667
Totals	$ 1,127,064	$ 1,115,307	$ (11,757)	$ 963,041	$ 965,708	$ 2,667

For purposes of the presentation of changes in net position, cash and cash equivalents are reflected as amounts with initial maturities of three months or less.

The following schedules summarize the investment return and its classification in the statements of activities for the years ended:

	June 30, 2019			June 30, 2018		
	Unrestricted	Expendable/ Nonexpendable Restricted	Total	Unrestricted	Expendable/ Nonexpendable Restricted	Total
Deposits and investments:						
Interest and dividend earnings	$ 16,389	$ 4,508	$ 20,897	$ 11,831	$ 714	$ 12,545
Net realized and unrealized gains (losses)	18,750	5,682	24,432	442	18	460
Totals	$ 35,139	$ 10,190	$ 45,329	$ 12,273	$ 732	$ 13,005

Restrictions. Certain cash deposits are classified as restricted assets because their use is restricted by applicable donor covenants.

Interest Rate Risk. Generally, the Organization limits its exposure to fair value losses arising from increases in interest rates by limiting the investment of its operating funds to investments with maturities of less than 18 months. Substantially all of the Organization's surplus funds are invested in money market funds, certificates of deposits, and mutual funds managed by an investment broker/dealer. Equity based mutual fund investments typically include a diversified mix of domestic and international capital and growth stocks that are sensitive to stock market index fluctuations. Fixed income based mutual fund investments include a diversified mix of high and medium yield corporate debt obligations that are generally made to produce scheduled cash flows. Their fair values are inversely sensitive to changes in interest rates.

Credit Risk. The provisions of Section 218.415, Florida Statutes, require that the investment activity of the Organization be conducted in accordance with a written investment plan adopted by the governing board. Under that plan, the Organization's funds may be invested only in fully negotiable fixed income, equity and money market securities. Allowable equity securities must be actively traded on a major stock exchange and generally include companies that have been publicly traded for more than one year. Investments in equity securities may not exceed more than 5% in a single corporate issuer, more than 25% in nondomestic entities, and more than 20% in any single industry concentration. Fixed income securities must be rated "A" or higher and cannot exceed 10% of a single corporate issuer. Investments in collateralized mortgage obligations are restricted to issues backed by the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association which pass the FFIEC High Risk Security Test on an annual basis and cannot exceed 25% of the portfolio.

Nondomestic investments are limited to 15% of the total fixed income portfolio. Investments in fixed income securities issued by the United States Government or any agency or instrumentality thereof are not limited. The portfolio of Futures, Inc. is limited to investments in issues with maturities of no more than 18 months. For securities that have put dates, reset dates or trade based on their average maturity, these dates will be used instead of the final legal maturity date. For these types of securities, the final legal maturity date cannot exceed three years from the date of purchase.

Investments in interest-only or principal-only collateralized mortgage obligations, interest rate swaps, precious metals, limited partnerships of any kind, real estate, venture capital, Futures, Inc. contracts or options contracts in individually managed portfolios are prohibited. Trading on margin and short selling are also prohibited.

Investments in cash equivalents are limited to money market funds, direct obligations of the United States Government with maturity of one year or less, commercial paper with maturity of 270 days or less that is rated A-1 or higher, and Bankers Acceptances issued by the largest 50 banks in the United States.

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The carrying amount of the Organization's cash deposits and certificates of deposits at June 30, 2019 was $331,444, and the related bank balances were $357,845. At June 30, 2019, amounts totaling $40,635 were invested in an institutional broker account which was not insured by the Federal Deposit Insurance Corporation (FDIC). The Organization is not exposed to any other custodial credit risk on deposits at year end because all other deposits are insured by the FDIC. In addition, pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State's Chief Financial Officer as eligible to receive deposits from qualifying depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State's Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United

States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

Custodial Credit Risk-Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Organization maintains an investment security account with a brokerage firm which includes mutual fund investments with market values of $595,153 and $587,532 at June 30, 2019 and 2018, respectively. This portfolio is insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC"). SIPC protects against the loss of cash and securities held by a customer at a financially-troubled SIPC-member brokerage firm. The limit of SIPC protection is $500,000, which includes a $250,000 limit for cash. SIPC only protects the custody function of the broker dealer, which means that SIPC works to restore to customers their securities and cash that are in their accounts in the event of a brokerage firm liquidation. SIPC does not protect against the decline in the value of any securities, protect individuals who are sold worthless stocks and other securities, or claims against a broker for bad investment advice, or for recommending inappropriate investments.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs (when applicable) are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs (when applicable) reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for investments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Organization uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, certain Organization assets measured at fair value as of June 30, 2019 and 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2019:				
Equity securities- mutual fund shares..........	$ 830,191	$ 830,191	$ -	$ -
Unrestricted....................................	$ 612,985			
Restricted.......................................	217,206			
Total	$ 830,191			
June 30, 2018:				
Equity securities- mutual fund shares..........	$ 587,532	$ 587,532	$ -	$ -
Unrestricted....................................	$ 564,689			
Restricted.......................................	22,843			
Total	$ 587,532			

NOTE 4 – IRREVOCABLE SPLIT-INTEREST AGREEMENT

On April 1, 2003, the Organization was the recipient of a 15% split-interest in a charitable remainder unitrust which was composed of two multiple-lives annuity contracts. The Organization does not serve as the intermediary, or as the administrator of the unitrust. The fair market values of the beneficial interest in the trust at June 30, 2019 and 2018 are reported at their present values, which are determined in the same manner as they would be for purposes of the donor's income tax charitable contribution deduction. The change in the annual value of the beneficial interest in the trust (amortization) is reported as the difference in the present values of the Organization's interest which is computed annually, after revisions for the annual fair value of the trust assets and the applicable discount rates, which are equivalent to the Applicable Federal Rates, in effect at the date of valuation.

The present value of the Organization's beneficial interest in the charitable remainder unitrust and the amortization for the 2019 and 2018 years totaled $11,297 and $11,684 and $387 and $434, respectively. The following summarizes the information used to compute the values at June 30:

		2019		2018
Market values of annuity contracts	$	25,486	$	27,508
Discount (Applicable Federal Rates)		3.0%		3.4%
Annuity payout percentages		8.0%		8.0%
Payment frequency		Quarterly		Quarterly
Present value of gift	$	11,297	$	11,684
Appreciation (amortization)	$	(387)	$	(434)

NOTE 5 – PREPAID TUITION CONTRACTS

Individual student scholarship contracts have been purchased from the Florida Prepaid College Foundation, Inc. (the "Foundation") to be assigned to eligible students within the School District who meet standards specified in the Organization's scholarship program pursuant to the provisions of Memorandums of Understanding between the Organization and the Foundation. Under the Memorandums, the Foundation sells prepaid student tuition scholarships to the Organization at approximately one-half (50%) their normal cost. The Organization recognizes all prepaid tuition scholarship contract acquisitions as assets of the Organization until such time students satisfy the requirements set forth in the scholarships. Upon purchasing the scholarships, the Organization records an asset in the form of beneficial interest in assets held by others. As scholarships are awarded, the Organization maintains an accounting for the credit hours earned by participating students. The Organization recognizes an expense based on the credit hours earned. For example, if a student is awarded a scholarship worth 120 credit hours and earns 40 credit hours, the Organization would recognize one-third of the amount paid for the scholarship in the period earned. For the year ended June 30, 2019 and 2018, contributions of $120,193 and $92,708, respectively, were made by the Organization to acquire contracts from the Foundation.

The balance of prepaid student tuition contracts as of June 30, 2019 consists of the following:

Foundation balance, July 1, 2018	$ 841,084	
Scholarships acquired during the year:		
Contracts with 50% Foundation match	120,193	
Contract adjustments	6,049	
Scholarship credits used by students	(46,177)	
Foundation balance June 30, 2019		$ 921,149

The balance of prepaid student tuition contracts as of June 30, 2018 consists of the following:

Foundation balance, July 1, 2017	$ 811,452	
Scholarships acquired during the year:		
Contracts with 50% Foundation match	92,708	
Contract adjustments	5,945	
Scholarship credits used by students	(69,021)	
Foundation balance June 30, 2018		$ 841,084

NOTE 6 – RESTRICTIONS ON NET POSITION

Restricted - Nonexpendable – Net position that includes permanent, nonexpendable donor-imposed corpus restrictions consisted of the following at June 30, 2019 and 2018:

	2019	2018
Board Endowment Fund	$ 22,843	$ 22,843
Pentz Scholarship	188,708	-
Clayton Scholarship	5,655	-
Total Restricted Non-Expendable net assets	$ 217,206	$ 22,843

Restricted - Expendable – Net position that includes restricted, but expendable donor-imposed restrictions consisted of the following at June 30, 2019 and 2018:

	2019	2018
Florida Prepaid College Foundation scholarships	$ 921,149	$ 841,084
Take Stock in Children Scholarship Fund	53,976	77,784
Split-interest agreement in charitable remainder trust	11,297	11,684
District Homeless Students Program	-	3,339
Other programs	-	1,362
Total Restricted Expendable net assets	$ 986,422	$ 935,253

NOTE 7 - SUMMARY OF GRANT FUNDING

During the years ended June 30, 2019 and 2018, the Organization received the following restricted grant funds from various government sources:

Funding Source	Contract Period	2019	2018
Take Stock in Children, Inc.	July 1 to June 30	$ 52,474	$ 72,676
Consortium of Florida Education Foundations	July 1 to June 30	83,803	82,593
Totals		$ 136,277	$ 155,269

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization is a legally established direct-support organization and component unit of the Volusia County District School Board, whose objective is to develop a partnership between the community and its schools for the enhancement and support of public education in Volusia County, Florida. To meet this objective, the Organization is permitted to use certain property, facilities, and personnel services of the District, provided the rules of the School Board are followed. As a result, various administrative and internal service functions are provided to the Organization throughout the year by the School District without remuneration. The Organization has elected to include the value of these donated materials and services, which are significant to the operations of the Organization, in the accompanying financial statements.

The following is a summary of administrative expenses contributed by the District for years ended June 30, 2019 and 2018:

	2019	2018
Salary and employee benefits	$ 55,685	$ 53,924
Office rental (occupancy)	7,449	7,449
Utilities	1,375	1,375
Office supplies	350	350
Postage	300	300
Total	$ 65,159	$ 63,398

State Retirement Program and Other Postemployment Benefits - The School District administers a single-employer defined benefit healthcare plan, under which the Organization's employees are covered. The Organization's employees are also covered by the Florida Retirement System (FRS) Pension Plan, which is a single retirement system consisting of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. The Organization's liability for these plans continues to be rolled into the liability reported under the School District for the most current reporting period and was not separately calculated for the Organization for disclosure in the financial statements of the Organization. Due to the multiple variables that go into developing these numbers and the disclosure of employees in the actuarial reports reflecting total employees under the School District rather than by agency, the

Organization was unable to determine costs directly allocable to organization employees. All related liabilities are assumed by the School District.

Substantial professional bookkeeping, accounting and consulting services were also donated to the Organization by a firm in which a member of the board of directors is affiliated (See Note 10).

NOTE 9 – CONTRIBUTED GOODS AND SERVICES

Contributed services are received from various community businesses and individuals that are a direct benefit of the Organization. In addition, the Organization receives donations of items and services that are put up for auction at its various fundraising events. Contribution revenues are recognized only to the extent of the cash collections for items auctioned. The Organization has elected to include the value of these donated materials and services, which are significant to the operations of the Organization, in the accompanying financial statements. The following is a summary of the additional contributed services by object recorded in the year ended June 30, 2019 and 2018:

	2019	2018
Bookkeeping and accounting services provided by related party..........	$ 8,600	$ 9,750
Fundraising support and prizes...	7,846	28,491
Supplies..	500	500
Total..	$ 16,946	$ 38,741

NOTE 10 – COMMITMENTS

Risk Management – The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural causes for which the Organization carries commercial insurance. The Organization has incurred no losses in excess of coverage in the last three years.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 16, 2019, the date the financial statements were available to be issued.

Compliance Report

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Futures, Inc.
Daytona Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Futures, Inc. (a nonprofit organization hereinafter referred to as the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

205 MAGNOLIA ST. • NEW SMYRNA BEACH, FL 32168-7125 • (386) 427-1333 • FAX (386) 427-5823 • www.bmcpa.com
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMC CPAs

October 16, 2019