

FULFILLMENT FUND LAS VEGAS

FINANCIAL STATEMENTS

JUNE 30, 2014

FULFILLMENT FUND LAS VEGAS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fulfillment Fund Las Vegas

We have audited the accompanying financial statements of Fulfillment Fund Las Vegas (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fulfillment Fund Las Vegas as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Las Vegas, Nevada
February 12, 2015

FULFILLMENT FUND LAS VEGAS

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

ASSETS

Current assets:

Cash and cash equivalents	\$	470,733
Investments		7,437,014
Prepaid expenses		4,552
		<u>7,912,299</u>

Property and equipment, net

		<u>10,588</u>
	\$	<u><u>7,922,887</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	49,661
Accrued expenses		21,572
		<u>71,233</u>

Net assets:

Unrestricted		<u>7,851,654</u>
	\$	<u><u>7,922,887</u></u>

See accompanying notes to financial statements.

FULFILLMENT FUND LAS VEGAS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Changes in unrestricted net assets

Revenues and support:

Donations	\$	868,985
Interest and dividend income		46,464
Realized and unrealized gains and losses, net		<u>328,476</u>
		<u>1,243,925</u>

Expenses:

Program		656,000
Management and general		103,671
Fundraising		<u>31,605</u>

791,276

Increase in unrestricted net assets

452,649

Net assets, beginning of year

7,399,005

Net assets, end of year

\$ 7,851,654

See accompanying notes to financial statements.

FULFILLMENT FUND LAS VEGAS

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	<u>Support Services</u>			<u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Payroll and related costs	\$ 343,629	\$ 34,246	\$ 21,629	\$ 399,504
Bank fees	-	4,133	-	4,133
College tour expenses	77,328	-	-	77,328
Depreciation	275	76	47	398
Educational program expenses	155,067	-	-	155,067
Insurance	15,460	4,257	2,689	22,406
Investment fees	-	15,756	-	15,756
Meals	6,393	1,761	1,112	9,266
Office expenses	9,193	2,531	1,600	13,324
Professional fees	1,092	32,478	-	33,570
Student and parent events	18,144	-	-	18,144
Telephone	3,232	890	562	4,684
Training expenses	3,380	1,263	-	4,643
Travel	22,807	6,280	3,966	33,053
Total	\$ 656,000	\$ 103,671	\$ 31,605	\$ 791,276

See accompanying notes to financial statements.

FULFILLMENT FUND LAS VEGAS

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

Cash flows from operating activities	
Increase in net assets	\$ 452,649
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	398
Unrealized gain on investments	(278,649)
(Increase) decrease in operating assets:	
Prepaid expenses	(4,552)
Increase (decrease) in operating liabilities:	
Accounts payable	49,661
Accrued expenses	21,572
Net cash provided by operating activities	<u>241,079</u>
Cash flows from investing activities:	
Purchases of property and equipment	(10,986)
Purchases of investments	(8,383,953)
Sales of investments	1,225,588
Net cash used in investing activities	<u>(7,169,351)</u>
Net decrease in cash and cash equivalents	(6,928,272)
Cash and cash equivalents, beginning of year	<u>7,399,005</u>
Cash and cash equivalents, end of year	<u>\$ 470,733</u>

See accompanying notes to financial statements.

FULFILLMENT FUND LAS VEGAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization and Activities

Fulfillment Fund Las Vegas, a not-for-profit organization located in Las Vegas, Nevada, was established in February 2013. Fulfillment Fund Las Vegas is dedicated to making college a reality for students growing up in educationally and economically under-resourced communities.

Through classroom instruction, one-on-one college counseling and experiential learning opportunities, Fulfillment Fund Las Vegas provides the possibility of higher education, and changes beliefs about what students are capable of achieving.

Fulfillment Fund Las Vegas is supported through donor contributions primarily in the Southern California region and Las Vegas.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Fulfillment Fund Las Vegas presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Codification. Under FASB Codification, Fulfillment Fund Las Vegas is required to report information regarding its financial position and changes in financial position activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Fulfillment Fund Las Vegas considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Fulfillment Fund Las Vegas normally capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives.

FULFILLMENT FUND LAS VEGAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Fulfillment Fund Las Vegas accounts for contributions in accordance with FASB Codification. As such, contributions are recognized as revenue when they are received or unconditionally pledged, including unconditional promises to give, at their estimated net realizable value.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

Fulfillment Fund Las Vegas is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. In accordance with the accounting standards, management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to six years.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates include allocation of functional expenses.

FULFILLMENT FUND LAS VEGAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Fulfillment Fund Las Vegas follows the provisions of FASB Codification, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of assets. Fulfillment Fund Las Vegas believes that no adjustment for impairment is necessary at June 30, 2014.

Gifts of Long-Lived Assets

Fulfillment Fund Las Vegas reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Fulfillment Fund Las Vegas reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Subsequent Events

Subsequent events have been evaluated through February 12, 2015, which is the date the financial statements were available to be issued.

2. CONCENTRATIONS

The Organization received 100% of its contribution revenue from two donors.

Cash and cash equivalents are maintained at financial institutions and, at time, balances may exceed federally insured limits. The accounts are insured at each financial institution up to the U.S. Federal Deposit Insurance Corporation ("FDIC") insurance limit of \$250,000. At June 30, 2014 the uninsured balance was \$172,119.

FULFILLMENT FUND LAS VEGAS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2014

3. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of:

Furniture and office equipment	\$	10,986
Less: accumulated depreciation		<u>398</u>
	\$	<u>10,588</u>

Depreciation expense was \$398 for the year ended June 30, 2014.

4. FAIR VALUE OF ASSETS

The following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1 inputs are quoted market prices in active markets for identical assets.

Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Level 3 inputs are unobservable inputs for the assets.

The Fulfillment Fund Las Vegas assets valued at fair value are its investments. Fulfillment Fund Las Vegas holds all of its investments in publicly traded equity instruments or pooled investments.

The following table sets forth by level, within the fair value hierarchy, Fulfillment Fund Las Vegas' assets at fair value as of June 30, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 1,179,368	\$ 1,179,368	\$ -
Mutual funds	6,057,646	6,057,646	-
Pooled investments	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 7,437,014</u>	<u>\$ 7,237,014</u>	<u>\$ 200,000</u>

5. TRANSACTIONS WITH FULFILLMENT FUND

In January 2014 and effective July 2013, Fulfillment Fund Las Vegas entered into a services agreement with Fulfillment Fund which is based in Los Angeles. The agreement requires a monthly payment of \$10,125 for programmatic support. For the year ended June 30, 2014, Fulfillment Fund Las Vegas incurred \$121,500 in expenses under this agreement. These expenses are included in educational program expense on the statement of activities. Two directors of Fulfillment Fund Las Vegas are also directors at Fulfillment Fund.