



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

**Futures Without Violence and
Subsidiaries**

December 31, 2013

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Futures Without Violence and Subsidiaries

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Futures Without Violence and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Futures Without Violence and Subsidiaries as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MOSS ADAMS LLP***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules of consolidating financial position as of December 31, 2013, and consolidating statement of activities for the year ended December 31, 2013, presented as supplementary information, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the consolidated statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
June 2, 2014

CONSOLIDATED FINANCIAL STATEMENTS

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS		
Cash and cash equivalents		\$ 2,543,296
Contributions receivable		1,740,095
Government contracts receivable		1,248,744
Investments		21,215,307
Deferred compensation assets		1,155,095
Property and equipment, net		16,906,728
Prepaid expenses and other assets		365,632
Total assets		<u>\$ 45,174,897</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		\$ 561,918
Accrued expenses		686,463
Deferred rent liability		174,907
Deferred compensation liabilities		1,155,095
Note payable		2,771,024
Total liabilities		<u>5,349,407</u>
NET ASSETS		
Unrestricted		
Undesignated		18,111,831
Noncontrolling interest		3,238,571
		<u>21,350,402</u>
Temporarily restricted		5,059,761
Permanently restricted		13,415,327
Total net assets		<u>39,825,490</u>
Total liabilities and net assets		<u>\$ 45,174,897</u>

See accompanying notes.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Government grants	\$ 6,382,462	\$ -	\$ -	\$ 6,382,462
Grants and contributions	1,652,671	1,927,314	477,944	4,057,929
Investment income, net	(25,308)	2,252,912	-	2,227,604
Other income	858,412	-	-	858,412
Net assets released from restrictions	2,690,435	(2,690,435)	-	-
Total revenue and support	<u>11,558,672</u>	<u>1,489,791</u>	<u>477,944</u>	<u>13,526,407</u>
EXPENSES				
Program		-	-	-
Children/youth/young families	2,344,503	-	-	2,344,503
Legal	450,811	-	-	450,811
Rights and social justice	541,558	-	-	541,558
Health	3,532,854	-	-	3,532,854
Public education	687,901	-	-	687,901
Workplace	626,179	-	-	626,179
International center to end violence	434,027	-	-	434,027
Policy and Strategic Initiatives	2,164,483	-	-	2,164,483
Total program services	<u>10,782,316</u>	<u>-</u>	<u>-</u>	<u>10,782,316</u>
Supporting services				
Management and general	682,638	-	-	682,638
Fundraising/development	500,267	-	-	500,267
Total supporting services	<u>1,182,905</u>	<u>-</u>	<u>-</u>	<u>1,182,905</u>
Total expenses	<u>11,965,221</u>	<u>-</u>	<u>-</u>	<u>11,965,221</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES				
	<u>(406,549)</u>	<u>1,489,791</u>	<u>477,944</u>	<u>1,561,186</u>
OTHER CHANGES				
Capital contributions (Note 3)	<u>(194,141)</u>	<u>-</u>	<u>-</u>	<u>(194,141)</u>
CHANGE IN NET ASSETS				
	<u>(600,690)</u>	<u>1,489,791</u>	<u>477,944</u>	<u>1,367,045</u>
NET ASSETS, beginning of year				
Noncontrolling interest net assets (Note 3)	18,347,518	3,569,970	12,937,383	34,854,871
	3,603,574	-	-	3,603,574
NET ASSETS, beginning of year				
	<u>21,951,092</u>	<u>3,569,970</u>	<u>12,937,383</u>	<u>38,458,445</u>
NET ASSETS, end of year				
	<u>\$ 21,350,402</u>	<u>\$ 5,059,761</u>	<u>\$ 13,415,327</u>	<u>\$ 39,825,490</u>

See accompanying notes.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services								Supporting Services				
	Children/ Youth/Young Families	Legal	Rights and Social Justice	Health	Public Education	Workplace	International Center to End Violence	Policy and Strategic Initiatives	Total Program Services	Management and General	Fundraising/ Development	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	\$ 926,556	\$ 274,275	\$ 260,049	\$ 991,843	\$ 219,348	\$ 340,754	\$ 65,148	\$ 502,651	\$ 3,580,624	\$ 1,082,984	\$ 213,008	\$ 1,295,992	\$ 4,876,616
Consultants and subcontractors	763,653	19,943	114,757	1,355,846	229,533	71,009	23,826	434,781	3,013,348	42,340	74,423	116,763	3,130,111
Conference facilities and fees	23,028	1,881	8,560	69,864	4,997	1,400	-	26,436	136,166	10,917	4,421	15,338	151,504
Occupancy and utilities	-	-	-	-	-	-	-	-	-	462,354	-	462,354	462,354
Printing, reproduction, and design	20,531	3,470	23,140	177,720	21,428	29,537	3,000	44,504	323,330	(4,696)	5,528	832	324,162
Website and software	4,015	-	-	67,346	10,733	3,095	-	121,000	206,189	42,478	20,639	63,117	269,306
Travel and meetings	102,430	26,547	3,351	67,397	11,472	17,327	23	37,669	266,216	5,999	11,725	17,724	283,940
Insurance	-	-	-	195	-	-	-	-	195	166,384	-	166,384	166,579
Professional services	-	-	-	-	26,615	-	-	11,904	38,519	95,966	300	96,266	134,785
Telecommunications	25,163	4,531	5,425	41,804	5,458	4,881	648	7,530	95,440	44,999	4,632	49,631	145,071
Information technology	9,796	3,070	2,625	12,467	1,919	3,724	325	5,285	39,211	88,306	(1,205)	87,101	126,312
Supplies and postage	8,022	1,794	3,435	65,959	5,905	282	-	6,023	91,420	31,448	16,311	47,759	139,179
Advertising/media advocacy	1,240	-	-	-	-	-	-	552,914	554,154	54,093	9	54,102	608,256
Repair and maintenance	-	-	-	-	-	-	89	-	89	54,332	-	54,332	54,421
Equipment and rentals	1,718	1,203	-	3,551	-	515	1,302	2,456	10,745	35,368	1,670	37,038	47,783
Awards	-	261	-	91	-	-	-	95,212	95,564	1,149	1,584	2,733	98,297
Dues and subscriptions	2,070	2,966	190	5,654	171	785	-	1,975	13,811	4,669	4,103	8,772	22,583
Professional development	-	343	-	-	-	-	-	-	343	195	-	195	538
Depreciation	-	-	-	-	-	-	-	-	-	660,628	-	660,628	660,628
Communications	44,832	9,929	12,468	61,138	14,795	13,885	2,470	35,812	195,329	(206,383)	11,054	(195,329)	-
Interest and fees	-	-	-	-	-	-	-	-	-	111,294	2,847	114,141	114,141
Other expenses	594	49	-	66,687	69	-	-	36,372	103,771	26,316	18,568	44,884	148,655
Total program services	1,933,648	350,262	434,000	2,987,562	552,443	487,194	96,831	1,922,524	8,764,464	2,811,140	389,617	3,200,757	11,965,221
Supporting services:													
Management and general	410,855	100,549	107,558	537,235	135,458	138,985	27,500	240,198	1,698,338	(1,808,988)	110,650	(1,698,338)	-
Fundraising/development	-	-	-	8,057	-	-	309,696	1,761	319,514	(319,514)	-	(319,514)	-
Total expenses	\$ 2,344,503	\$ 450,811	\$ 541,558	\$ 3,532,854	\$ 687,901	\$ 626,179	\$ 434,027	\$ 2,164,483	\$ 10,782,316	\$ 682,638	\$ 500,267	\$ 1,182,905	\$ 11,965,221

See accompanying notes.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 1,367,045
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Net realized and unrealized gains on investments	(1,991,010)
Depreciation and amortization	660,628
Change in operating assets and liabilities:	
Contributions receivable	859,471
Government contracts receivable	37,368
Deferred compensation assets	(205,723)
Prepaid expenses and other assets	(95,514)
Accounts payable	273,478
Accrued expenses	190,197
Deferred rent liability	54,923
Deferred compensation liabilities	205,723
	1,356,586
Net cash provided by operating activities	1,356,586
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	8,595,501
Purchases of investments	(8,625,469)
Purchases of property and equipment	(15,698)
Proceeds from sale of property, plant and equipment	101,115
	55,449
Net cash used by investing activities	55,449
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on note payable	(374,217)
	(374,217)
Net cash used by financing activities	(374,217)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,037,818
CASH AND CASH EQUIVALENTS, beginning of year	1,505,478
CASH AND CASH EQUIVALENTS, end of year	2,543,296
SUPPLEMENTAL DISCLOSURE AT CASH FLOW INFORMATION	
Cash paid for interest	\$ 97,465

See accompanying notes.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Futures Without Violence incorporated in California in 1989 as a nonprofit public benefit corporation. Futures Without Violence pioneers new strategies to end violence against women and children in the United States and around the world, because everyone has the right to live free of violence. Futures is reaching new audiences including men and youth, promoting leadership within communities to ensure that violence prevention efforts become self-sustaining, and transforming the way social institutions respond to violence. Futures Without Violence operations include offices in Washington, D.C., Boston, Massachusetts and its National headquarters in San Francisco, California.

Futures Without Violence formed three entities of which it maintains whole or partial ownership: Presidio Building 100, Inc.; Presidio SL, LLC; and Presidio MT, LLC (known collectively as the “Real Estate Entities”). The Real Estate Entities were organized under the laws of the State of California for the purpose of entering into a long-term ground lease for Building 100 at The Presidio in San Francisco, CA and qualifying for a historic tax credit in connection with the renovation of Building 100, where Futures’ national headquarters are located.

These consolidated financial statements include the accounts of Futures Without Violence and the real estate entities (collectively, “Futures”). All significant intercompany transactions and accounts have been eliminated in the consolidation.

Futures receives support from private foundations, federal and state governments, corporations, and individual donors allowing for groundbreaking work in the following program areas:

Children/youth/young families – Futures is improving community and system responses for children and their families to provide safety and security for all family members and prevent the problems of child abuse and violence against women from reoccurring. Futures works with domestic violence programs, batterer intervention programs, child welfare agencies and community organizers to influence and form effective collaborations and build partnerships to promote safe and healthy families.

Legal – Futures’ National Judicial Education Project helps battered women and their children by educating judges on how their decisions can play a critical role in preventing domestic violence injuries and deaths, increasing their cultural competence, and by assisting municipalities in developing domestic violence courts.

Rights and social justice – Futures has helped craft landmark federal legislation, cofounded a national network to end violence against immigrant women, and continues to muster the financial, political and community service resources to safeguard immigrant women and their children among the most vulnerable populations. Futures has formed programmatic partnerships around the world in reproductive health clinics to exchange wisdom, improve healthcare, and raise public awareness.

Health – Futures has helped expose a connection between history of abuse and current health, further spotlighting the critical need for sustaining assessment, intervention, and advocacy in clinical settings. Futures promotes a healthcare response that considers the entire lifespan and that includes prevention. Futures operates the Nation’s Health Resource Center on Domestic Violence providing technical assistance and information to thousands of health care providers and others each year. Futures has also developed and implemented statewide plans for a comprehensive health care system response to domestic violence.

Public education – Futures launched the first-ever national public education campaign on domestic violence - There’s No Excuse for Domestic Violence - in 1994. Now Futures is reaching young men and boys through the Coaching Boys into Men Campaign, encouraging men to communicate to the young men and boys in their lives that violence against women is wrong. Through media and through work with allied organizations, coaches, and others who reach men and boys, Futures is delivering the message that men can make a difference. Futures’ related Founding Fathers Campaign encourages men to step forward on Father’s Day and join in making a public statement about ending violence against women.

Workplace – The National Workplace Resource Center on Domestic Violence is a collaborative effort between Futures, employers, and unions around the nation that has reached millions of Americans. This project makes possible employer and union dissemination of helpful, easy-to-follow information to employees and union members on preventing and reducing domestic violence, development of workplace policies on domestic violence, and workplace support of employees who are victims. Futures provides resources online that give workplace leaders who want to make a difference clear and immediate expert assistance.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

International Center to End Violence – Futures created an International Center in San Francisco, CA, as a hub of educational and leadership development activity to advance us toward a violence-free society. The Center seeks to promote the values of respect, empathy, and responsibility; expose the cycle of violence and its impact on families and societies throughout the world; assist the public in examining root causes of violence and its interconnections to bigotry and hate; and rouse individuals everywhere to take a stand against violence, hatred and bigotry.

Public policy and new program development – Futures has a voice on all levels of government in the development of public policy. It has provided key leadership on issues of violence against women and children that has resulted in addressing domestic violence in the military for the first time, improving options for immigrant women, and increasing funding to services that make the critical difference in the lives of victims.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Accordingly, Futures presents information regarding its net assets and activities according to three classes of net assets:

Unrestricted – The portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations.

Temporarily restricted – The portion of net assets whose use by Futures is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Futures.

Permanently restricted – The portion of net assets whose use has been restricted for investment in perpetuity. The income from these assets is generally available for either general operations or as otherwise specified by the donor.

Revenue recognition – Contributions are recognized at their fair value when the donor makes an unconditional promise to give to Futures. Contributions that are restricted by the donor, and grants and contracts are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions, grants and contracts are 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.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows when a material impact is noted and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional grants are not included as support until the conditions are substantially met. Amounts received in advance of conditions being fulfilled are recorded as deferred revenue.

Government grants and contracts are recognized when Futures incurs expenditures related to the required services. Amounts billed or received in advance are recorded as deferred revenue until the related services are performed. Amounts due at December 31, 2013, are included in government contracts receivable.

Futures uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance for uncollectible unconditional promises was deemed necessary at December 31, 2013.

Cash and cash equivalents – For the purpose of reporting cash flows, Futures considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents held in money market funds and invested in permanently restricted accounts are intended for investment purposes and are classified separately under investments. Restricted cash represents operating reserves subject to restrictions from other parties regarding the future use of such cash, as of December 31, 2013, restricted cash amounted to \$185,722.

Investments – Investments are stated at fair value based on quoted market prices, and the net unrealized appreciation or depreciation on investments is included in the change in net assets in the accompanying consolidated statement of activities. Interest and dividend income is accrued when earned.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair value measurements – Futures carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Futures classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data.

Property and equipment – Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets which range from three to five years. Amortization of leasehold improvements is computed over the life of the related lease which ranges from fifteen to forty years. Futures capitalizes property and equipment with cost or donated fair value over \$5,000.

Futures regularly evaluates its long-lived assets for indicators of possible impairment. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset's fair market value or discounted estimates of future cash flows. Futures has not identified any such impairment losses to date.

Endowment funds – Futures follows the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-205 *Endowments of Not-for-Profit Organizations – Net Assets Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. The State of California adopted a version of the Uniform Prudent Management of Institutional Funds Act as its California Prudent Management of Institutional Funds Act ("CPMIFA").

Interpretation of relevant law – Futures has determined it holds net assets that meet the definition of endowment funds under CPMIFA. As a result of this interpretation, Futures classifies as permanently restricted net assets both the original value of the gifts donated plus all subsequent gifts to the donor restricted endowment funds. Appropriation for expenditure for endowed funds is made in a manner consistent with the standards of prudence prescribed by CPMIFA, which include: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, (7) the investment policies of the Fund.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level classified as permanently restricted net assets. As of December 31, 2013, there were no deficiencies.

Investment and spending policies – The Board of Directors has approved, and Futures has adopted, investment policies for its endowment assets that attempt to maintain and improve the earning power of those assets over time to support current and future programs. The Board of Directors has further resolved that the goals of the investment policies shall be accomplished in a manner that is both "socially responsible" and manageable by the Board of Directors through its Investment Advisory Committee. The Investment Advisory Committee's responsibilities are to oversee and monitor the endowment assets on an ongoing basis through quarterly reviews of the fund activity, annual review of the investment policy, and regular communication with the investment managers.

Endowment assets are invested in a diversified asset mix, including equity and debt securities, intended to preserve capital and yield moderate income. Over the long term, the goal of this asset mix is to maintain a total return on investment assets equal to the rate of inflation, plus an amount to support programs and operations, and plus an amount to be reinvested to provide for growth of principal. The Investment Advisory Committee has quantified this amount as an approximate long-term annual return of 7%, net of all fees, as asset management and administrative fees will be paid from the endowment assets. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to minimize risk.

The spending policy calculates the amount of money annually distributed from the Futures endowed funds. The current spending policy is determined annually and represents a fixed percent of the three year trailing average of the fair market value of the endowment assets. This is consistent with Futures' objective of maintaining purchasing power of endowed assets as well as to provide additional real growth through new gifts and investment return. Although payout rates may vary, it is the Investment Advisory Committee's recommendation that a payout rate should be less than 5%. The spending policy is further limited to fifty percent of endowment income each fiscal year.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Expense allocation – The costs of providing programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited based upon employee time recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage, or other relevant bases.

Income taxes – Futures Without Violence is exempt from federal and California income taxes under the provision of IRC Section 509(a)(2) as an organization described under IRC Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code.

Presidio Building 100, Inc. pays both federal and state income tax on its taxable income. Income taxes are provided for the tax effect of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial and income tax reporting purposes. Deferred tax assets and liabilities represent future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. No federal or state income tax liability or deferred tax assets and liabilities have been recognized as of December 31, 2013, as they have been deemed immaterial to the financial statements when taken as a whole.

The taxable income or loss of Presidio MT, LLC and Presidio SL, LLC is allocated to members in accordance with their respective percentage ownership. Federal and state income tax statutes require that the income or loss of the corporation be included in the tax returns of the individual members. Each member is individually responsible for reporting income or loss, to the extent required by federal and state income tax laws and regulations, based upon its respective share of the company's income and expense as reported for income tax purposes.

Futures follows the guidance on accounting for uncertainty in income taxes issued by the FASB ASC 704. As of December 31, 2013, management has evaluated Futures tax positions and concluded that Futures had maintained its tax exempt status and had taken no uncertain tax positions that required adjustment to the consolidated financial statements. With few exceptions, Futures is no longer subject to examinations by federal or state taxing authorities for the years ended before 2009 and 2008, respectively.

Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts, assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The most significant of these estimates relates to fair value determination of investments, allocation of functional expenses, and useful life of property and equipment.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. Futures recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. Futures' consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

Futures has evaluated subsequent events through June 2, 2014, which is the date the consolidated financial statements are available to be issued.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – REAL ESTATE ENTITIES

Presidio Building 100, Inc., is a wholly owned for-profit subsidiary of Futures Without Violence. Presidio Building 100, Inc., in turn is the Managing Member of Presidio SL, LLC, of which Bay Area Historic Fund 2011, LLC (“Noncontrolling Interest”), is the Investor Member, and also the Managing Member of Presidio MT, LLC, of which Presidio SL, LLC, is the Investor Member.

	<u>Presidio Building 100, Inc.</u>	<u>Presidio SL, LLC</u>	<u>Presidio MT, LLC</u>
Futures Without Violence	100.00%		
Presidio Building 100, Inc.		0.01%	55.00%
Presidio SL, LLC			45.00%
Noncontrolling Interest: Bay Area Historic Fund 2011, LLC		99.99%	
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

On October 7, 2009, Presidio MT, LLC, entered into a forty-year ground lease with The Presidio Trust for Building 100 and began renovation of the building, which was substantially completed in June of 2011. At completion of construction, Presidio MT, LLC began subleasing Building 100 to Presidio SL, LLC, and Presidio SL, LLC began subleasing Building 100 to Futures Without Violence. Building 100 is a certified historic structure that is eligible for the historic investment tax credits on qualifying rehabilitation expenditures pursuant to Section 47 of the Internal Revenue Code (“IRC”). Bay Area Historic Fund 2011, LLC receives the historic tax credit and other tax benefits of the renovation in exchange for an investment for part of the cost of renovation.

Presidio Building 100, Inc. (the “Purchaser”), entered into an option agreement with Bay Area Historic Fund 2011, LLC (the “Seller”), whereby the Seller has the option to sell its interest in Presidio SL, LLC to the Purchaser at the end of the Historic Tax Credit Recapture Period as defined in the Option Agreement.

The Seller has a Put Option (“Put”) to sell its investor member interest in Presidio SL, LLC to the Purchaser. The Put may be exercised at any time during the period between the earlier of January 1 of the year following the expiration of the compliance period or 66 months after the completion date and ending on the date that is 6 months after the put commencement date (“Put Period”), as defined in the Option Agreement. Within 20 days after the delivery of a Put Notice, the Purchaser must pay the Seller the put price, as defined in the Option Agreement.

The Purchaser has the right and option, at any time between the Put Period and 6 months after (“Call Period”) to purchase the Seller’s interest in Presidio SL, LLC for an amount equal to the fair market value of such interest, as defined in the Option Agreement. Within 30 days after the delivery of the Call Notice, the Purchaser must pay the Seller the Call Price, as defined.

Futures Without Violence has guaranteed certain contractual obligations of its subsidiaries including the continued management and operations and has funded an operating reserve as required. See Note 10 for additional information.

In accordance with FASB - Not-For-Profit Entities ASC Topic 958, noncontrolling interests of consolidated subsidiaries should be reported as a separate component of the appropriate class of net assets in the consolidated statement of financial position. Futures Without Violence prospectively applied the guidance and recognized the noncontrolling interest as a component of its statement of financial position and statement of activities.

As of December 31, 2013, the composition of the noncontrolling interest is as follows:

Noncontrolling investor, beginning of the year net assets	\$ 3,603,574
Capital contributions	(194,141)
Net loss	<u>(170,862)</u>
Noncontrolling investor, end of year net assets	<u>\$ 3,238,571</u>

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Futures received indications of intentions to give from various donors and board members. The anticipated gifts will be fulfilled through the donor's estate or when the agreements are executed. The value of the intended gifts is approximately \$2,078,000, and is not recognized as assets in the consolidated statement of financial position as of December 31, 2013.

Contributions receivable are as of result of the following as of December 31, 2013:

Operations	\$ 1,193,914
Programs	491,118
Other	55,063
	<u>1,740,095</u>
	<u>\$ 1,740,095</u>

At December 31, 2013, all contributions receivable are due less than one year.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments

Investments are summarized below as of December 31, 2013:

Cash and cash equivalents	\$ 4,753,382
Equity securities	10,252,484
Government obligations	1,056,087
Fixed Income	2,137,873
Mutual funds	3,015,481
Total investments	<u>\$ 21,215,307</u>

For the year ended December 31, 2013, investment income, net consists of the following:

Interest and dividends	\$ 376,918
Realized and unrealized gain, net	<u>1,991,010</u>
Less: investment fees	<u>(140,324)</u>
	<u>\$ 2,227,604</u>

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair value measurements

The table below presents assets measured at fair value on a recurring basis at December 31, 2013:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:	\$ 4,753,382	\$ 4,753,382	\$ -
Cash and cash equivalents			
Equity securities:			
Domestic equity	6,030,751	6,030,751	-
International equity	4,036,393	4,036,393	-
Real estate investment trusts	185,340	185,340	-
Government obligations:			
U.S. Treasury and government			
Agency bonds	1,056,087	-	1,056,087
U.S. Corporate bonds	2,137,873	-	2,137,873
Mutual funds:			
Domestic equity funds	1,328,374	1,328,374	-
Fixed income funds	1,687,107	1,687,107	-
Total investments	<u>21,215,307</u>	<u>18,021,347</u>	<u>3,193,960</u>
Investments held for deferred compensation	<u>1,155,095</u>	<u>1,155,095</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 22,370,402</u>	<u>\$ 19,176,442</u>	<u>\$ 3,193,960</u>

Assets associated with investments held for deferred compensation consist of U.S. Corporate bonds and domestic mutual funds.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2013:

Office equipment and computers	\$ 646,977
Office furniture	401,182
Leasehold improvements	<u>17,650,346</u>
	18,698,505
Less: accumulated depreciation	<u>(1,791,777)</u>
	<u>\$ 16,906,728</u>

Depreciation and amortization expense for the year ended December 31, 2013 amounted to \$660,628.

NOTE 7 – NOTES PAYABLE

Futures Without Violence entered into a loan agreement with Bank of America in connection with the construction of its new headquarters with an effective interest rate of 3.27%. The term loan matures three years from inception and is payable in thirty-six equal installments of principal and interest based on a ten-year amortization schedule with the entire principal balance and accrued interest then unpaid due on the date thirty-six months from conversion. The outstanding balance at December 31, 2013, was \$2,771,024. For the year ended December 31, 2013, interest expense incurred was \$96,364.

The loan agreement contains provisions regarding the maintenance of certain covenants and financial ratios. Management believes that Futures is in compliance with all provisions as of December 31, 2013 except for the Debt Service Coverage Ratio, and a waiver has been obtained dated May 5, 2014.

The note payable has a maturity date of December 31, 2014. Futures is expecting to make principal payments of \$2,771,024 during the year ending December 31, 2014.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as to purpose for the following activities as of December 31, 2013:

Program services:		
Health	\$	19,264
Policy and Strategic Initiatives		652,256
Rights and social justice		457,582
Other program		69,041
Endowment - unappropriated earnings		3,861,618
		<u>3,861,618</u>
	\$	<u>5,059,761</u>

Net assets were released from donor restrictions for the following programs by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors during the year ended December 31, 2013 as follows:

Program services:		
Health	\$	861,061
Policy and Strategic Initiatives		884,334
Children/Youth/Young Families		662,544
Public education		101,635
Rights and social justice		110,497
Other		70,364
		<u>70,364</u>
	\$	<u>2,690,435</u>

Permanently restricted net assets of \$13,415,327 are to be held in perpetuity, the income of which is available for general operations. All permanently restricted net assets result from the Ford Foundation Endowment match.

NOTE 9 – ENDOWMENT NET ASSETS

The composition of endowment net assets at December 31, 2013, is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted			
Endowment funds	\$ 3,861,618	\$ 13,415,327	\$ 17,276,945

The changes in endowment net assets during the year ended December 31, 2013, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,608,706	\$ 12,937,383	\$ 14,546,089
Contributions	-	-	477,944	477,944
Investment income, net	-	2,252,912	-	2,252,912
Investment income, net	-	2,252,912	477,944	2,730,856
Endowment net assets, end of year	\$ -	\$ 3,861,618	\$ 13,415,327	\$ 17,276,945

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating leases – Futures conducts its operations from San Francisco, California; Boston, Massachusetts; and Washington, D.C. offices under non-cancelable operating leases, which expire at various dates through June 2051. The monthly base rents for 2013 range from \$1,986 to \$16,129 and are subject to annual increases as specified in the lease agreements. Rent and occupancy expense for the years ended 2013 amounted to \$238,660.

Future minimum lease payments under all non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 252,000
2015	274,000
2016	276,000
2017	286,000
2018	294,000
Thereafter	<u>16,027,000</u>
	<u>\$ 17,409,000</u>

Contracts and grants – Contract and grant agreements require the fulfillment of certain conditions as set forth in the grant instruments. Failure to fulfill the conditions of the grant agreements could result in return of the funds to the grantors. Futures deems this contingency remote. Futures also receives a portion of its public support under various government contracts, whereby government agencies contribute based on reimbursable costs as defined under each contract. Reimbursable costs under these contracts are subject to audit by the government agencies. Management believes that no material adjustments will result from subsequent audits of the reimbursable costs reflected in the consolidated financial statements.

Real estate entities – Futures has provided certain guaranties in conjunction with its relationships with the real estate entities. Futures' historic tax credits are contingent on its ability to maintain compliance with various rules and regulations. Failure to maintain compliance or to correct noncompliance with a specified time period could result in recapture of previously taken tax credits. In addition, such potential noncompliance may require an adjustment to the capital contributed by the Noncontrolling Interest. At December 31, 2013, remaining tax credits subject to the guarantee amounted to approximately \$3,000,000. Management is of the opinion that Futures will not be called on to fulfill any of the guarantees based upon the current operations of these entities.

NOTE 11 – EMPLOYEE BENEFIT PLANS: 401(k) PLAN

Futures sponsors a defined contribution retirement plan qualified under the safe-harbor provision rules of Section 401(k) of the IRC. Under the 401(k) plan, employees become eligible for participation upon their date of hire. Eligible employees may participate in the discretionary employer contributions once the employee has completed one year of service. Futures contributions to the plan amounted to \$295,554 as of December 31, 2013.

457(b) Plan – Futures sponsors a supplemental deferred compensation plan under Section 457(b) of the IRC. The plan permits a selected group of management or highly compensated employees to defer portions of their compensation. Participants are immediately vested in their deferral contributions plus actual earnings thereon. Futures has included in "Deferred Compensation Investments" and "Deferred Compensation Liabilities" \$1,155,095 at December 31, 2013, which represents the value of the deferred compensation plan and Futures' obligation under Section 457(b).

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

Futures has defined its financial instruments which are potentially subject to credit risk. The financial instruments consist principally of cash and cash equivalents, money market funds, equity securities, corporate bonds, and government bonds with high credit quality financial institutions. These instruments are subject to other market conditions such as interest risk, equity market risks and their implied volatilities.

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periodically, throughout the year, Futures has maintained balances in various operation and money market accounts in excess of federally insured limits.

Receivables consist of unsecured amounts due from individuals, corporations, foundations, and government agencies. The credit risk associated with receivables is substantially mitigated by the large number of entities comprising the receivable balance, and 39% of the receivables are due from government agencies.

SUPPLEMENTARY INFORMATION



FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
Year ended December 31, 2013

	<u>Presidio MT, LLC</u>	<u>Presidio SL, LLC</u>	<u>Presidio Building 100, Inc.</u>	<u>Futures Without Violence</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 130,778	\$ 245,098	\$ 363,272	\$ 1,804,148	\$ -	\$ 2,543,296
Contributions receivable	-	-	-	1,740,095	-	1,740,095
Government contracts receivable	-	-	-	1,248,744	-	1,248,744
Investments	-	-	-	21,215,307	-	21,215,307
Deferred compensation investments	-	-	-	1,155,095	-	1,155,095
Property and equipment, net	17,083,179	-	-	486,902	(663,353)	16,906,728
Intercompany	-	-	1,433,156	1,730,828	(3,163,984)	-
Investment in subsidiary	-	3,111,052	12,640,202	12,741,002	(28,492,256)	-
Prepaid expenses and other expenses	153,421	-	-	212,211	-	365,632
Total assets	<u>17,367,378</u>	<u>3,356,150</u>	<u>14,436,630</u>	<u>42,334,332</u>	<u>(32,319,593)</u>	<u>45,174,897</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	-	-	800	561,118	-	561,918
Accrued expenses	-	89,623	-	596,840	-	686,463
Deferred rent liability	174,907	-	-	-	-	174,907
Deferred compensation liabilities	-	-	-	1,155,095	-	1,155,095
Note payable	-	-	-	2,771,024	-	2,771,024
Intercompany	1,466,156	3,000	1,694,828	-	(3,163,984)	-
Total liabilities	<u>1,641,063</u>	<u>92,623</u>	<u>1,695,628</u>	<u>5,084,077</u>	<u>(3,163,984)</u>	<u>5,349,407</u>
NET ASSETS						
Unrestricted						
Undesignated	12,615,263	24,956	12,741,002	18,775,167	(26,044,557)	18,111,831
Noncontrolling interest	3,111,052	3,238,571	-	-	(3,111,052)	3,238,571
	<u>15,726,315</u>	<u>3,263,527</u>	<u>12,741,002</u>	<u>18,775,167</u>	<u>(29,155,609)</u>	<u>21,350,402</u>
Temporarily restricted	-	-	-	5,059,761	-	5,059,761
Permanently restricted	-	-	-	13,415,327	-	13,415,327
Total net assets	<u>15,726,315</u>	<u>3,263,527</u>	<u>12,741,002</u>	<u>37,250,255</u>	<u>(29,155,609)</u>	<u>39,825,490</u>
Total liabilities and net assets	<u>\$ 17,367,378</u>	<u>\$ 3,356,150</u>	<u>\$ 14,436,630</u>	<u>\$ 42,334,332</u>	<u>\$ (32,319,593)</u>	<u>\$ 45,174,897</u>

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
Year ended December 31, 2013

	Activity by Entity					Consolidated Totals			
	Presidio MT, LLC	Presidio SL, LLC	Presidio Building 100, Inc.	Futures Without Violence	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT									
Government grants	\$ -	\$ -	\$ -	\$ 6,382,462	\$ -	\$ 6,382,462	\$ -	\$ -	\$ 6,382,462
Grants and contributions	-	-	-	4,057,929	-	1,652,671	1,927,314	477,944	4,057,929
Investment income, net	-	248	-	1,928,150	299,452	(25,308)	2,252,912	-	2,227,604
Other income	200,476	290,000	-	858,412	(490,476)	858,412	-	-	858,412
Net assets released from restrictions	-	-	-	-	-	2,690,435	(2,690,435)	-	-
Total revenue and support	<u>200,476</u>	<u>290,248</u>	<u>-</u>	<u>13,226,953</u>	<u>(191,024)</u>	<u>11,558,672</u>	<u>1,489,791</u>	<u>477,944</u>	<u>13,526,407</u>
EXPENSES									
Program services									
Children/youth/young families	-	-	-	2,344,503	-	2,344,503	-	-	2,344,503
Legal	-	-	-	450,811	-	450,811	-	-	450,811
Rights and social justice	-	-	-	541,558	-	541,558	-	-	541,558
Health	-	-	-	3,532,854	-	3,532,854	-	-	3,532,854
Public education	-	-	-	687,901	-	687,901	-	-	687,901
Workplace	-	-	-	626,179	-	626,179	-	-	626,179
International center to end violence	-	-	-	434,027	-	434,027	-	-	434,027
Policy and Strategic Initiatives	-	-	-	2,164,483	-	2,164,483	-	-	2,164,483
Total program services	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,782,316</u>	<u>-</u>	<u>10,782,316</u>	<u>-</u>	<u>-</u>	<u>10,782,316</u>
Supporting services									
Management and general	741,050	461,110	299,454	230,321	(1,049,051)	682,638	-	-	682,638
Fundraising/development	-	-	-	500,267	-	500,267	-	-	500,267
Total supporting services	<u>741,050</u>	<u>461,110</u>	<u>299,454</u>	<u>730,588</u>	<u>(1,049,051)</u>	<u>1,182,905</u>	<u>-</u>	<u>-</u>	<u>1,182,905</u>
Total expenses	<u>741,050</u>	<u>461,110</u>	<u>299,454</u>	<u>11,512,904</u>	<u>(1,049,051)</u>	<u>11,965,221</u>	<u>-</u>	<u>-</u>	<u>11,965,221</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	<u>(540,574)</u>	<u>(170,862)</u>	<u>(299,454)</u>	<u>1,714,049</u>	<u>858,027</u>	<u>(406,549)</u>	<u>1,489,791</u>	<u>477,944</u>	<u>1,561,186</u>
OTHER CHANGES									
Capital contributions (Note 3)	362,220	(194,141)	-	-	(362,220)	(194,141)	-	-	(194,141)
CHANGE IN NET ASSETS	<u>(178,354)</u>	<u>(365,003)</u>	<u>(299,454)</u>	<u>1,714,049</u>	<u>495,807</u>	<u>(600,690)</u>	<u>1,489,791</u>	<u>477,944</u>	<u>1,367,045</u>
NET ASSETS, beginning of year	12,912,579	24,956	13,040,456	35,536,206	(26,659,326)	18,347,518	3,569,970	12,937,383	34,854,871
Noncontrolling interest net assets (Note 3)	2,992,090	3,603,574	-	-	(2,992,090)	3,603,574	-	-	3,603,574
NET ASSETS, beginning of year	<u>15,904,669</u>	<u>3,628,530</u>	<u>13,040,456</u>	<u>35,536,206</u>	<u>(29,651,416)</u>	<u>21,951,092</u>	<u>3,569,970</u>	<u>12,937,383</u>	<u>38,458,445</u>
NET ASSETS, end of year	<u>\$ 15,726,315</u>	<u>\$ 3,263,527</u>	<u>\$ 12,741,002</u>	<u>\$ 37,250,255</u>	<u>\$ (29,155,609)</u>	<u>\$ 21,350,402</u>	<u>\$ 5,059,761</u>	<u>\$ 13,415,327</u>	<u>\$ 39,825,490</u>