Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

Futures Without Violence and Subsidiaries

December 31, 2016

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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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, 2016, 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, 2016, 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.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position as of December 31, 2016, and consolidating statement of activities for the year ended December 31, 2016, 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.

Moss Adams LLP

San Francisco, California
May 19, 2017

CONSOLIDATED FINANCIAL STATEMENTS

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS		
Cash and cash equivalents	$	4,698,509
Contributions receivable		2,021,390
Government contracts receivable		1,058,720
Investments		20,655,506
Deferred compensation investments		1,250,061
Property and equipment, net		15,031,217
Prepaid expenses and other assets		326,972
Total assets	$	45,042,375
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	457,529
Accrued expenses		556,849
Deferred rent liability		325,746
Deferred compensation liabilities		1,250,061
Total liabilities		2,590,185
NET ASSETS		
Unrestricted		
Undesignated		18,776,501
Noncontrolling interest		2,439,948
		21,216,449
Temporarily restricted		7,690,414
Permanently restricted		13,545,327
Total net assets		42,452,190
Total liabilities and net assets	$	45,042,375

See accompanying notes.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Government grants	$ 6,406,755	$ -	$ -	$ 6,406,755
Private grants and contributions	1,299,577	4,643,845	5,000	5,948,422
Investment gain, net	70,359	835,417	-	905,776
Other income	797,217	-	-	797,217
Net assets released from restrictions	3,294,964	(3,294,964)	-	-
Total revenue and support	11,868,872	2,184,298	5,000	14,058,170
EXPENSES				
Program				
Children/youth/young families	2,079,216	-	-	2,079,216
Economic justice	1,384,479	-	-	1,384,479
Health	2,054,150	-	-	2,054,150
International	778,082	-	-	778,082
Legal	567,294	-	-	567,294
Public education campaigns	2,811,793	-	-	2,811,793
Public engagement and corporate relations	763,417	-	-	763,417
Strategic initiatives	331,428	-	-	331,428
Total program services	10,769,859	-	-	10,769,859
Supporting services				
Management and general	710,815	-	-	710,815
Fundraising/development	406,670	-	-	406,670
Total supporting services	1,117,485	-	-	1,117,485
Total expenses	11,887,344	-	-	11,887,344
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(18,472)	2,184,298	5,000	2,170,826
OTHER CHANGES				
Preferred return (Note 3)	(82,140)	-	-	(82,140)
CHANGE IN NET ASSETS	(100,612)	2,184,298	5,000	2,088,686
NET ASSETS, beginning of year before noncontrolling interest	18,598,178	5,506,116	13,540,327	37,644,621
Noncontrolling interest net assets (Note 3)	2,718,883	-	-	2,718,883
NET ASSETS, beginning of year	21,317,061	5,506,116	13,540,327	40,363,504
NET ASSETS, end of year	$ 21,216,449	$ 7,690,414	$ 13,545,327	$ 42,452,190

See accompanying notes.

	Program Services										Supporting Services			
	Children/ Youth/Young Families	Economic Justice	Health	International	Legal	Public Education Campaigns	Public Engagement and Corporate Relations	Strategic Initiatives	Communications	Total Program Services	Management and General	Fundraising/ Development	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	$ 853,483	$ 597,441	$ 781,200	$ 379,441	$ 268,885	$ 466,999	$ 386,599	$ 87,333	$ 158,885	$ 3,821,381	$ 904,713	$ 208,293	$ 1,113,006	$ 5,093,272
Consultants and subcontractors	609,852	363,001	585,793	197,335	123,478	1,195,934	84,206	48,292	1,440	3,207,891	7,944	3,480	11,424	3,220,755
Advertising/media advocacy	-	-	-	-	-	487,024	-	-	480	487,024	-	-	-	487,504
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	560,754	-	560,754	560,754
Occupancy and utilities	-	-	319	-	-	-	424	180	-	923	606,239	68	606,307	607,230
Conference facilities and fees	48,938	949	52,923	21,001	9,609	13,211	19,248	19,236	1,448	185,115	14,077	4,497	18,574	205,137
Website and software	4,849	40,846	17,832	15,032	3	63,450	37,988	160	132,098	180,160	-	44,120	44,120	356,378
Travel and meetings	76,178	39,445	36,529	8,123	23,471	34,716	9,789	22,984	210	251,235	7,548	6,814	14,362	265,807
Printing, reproduction, and design	29,692	13,230	84,951	14,027	1,842	15,846	40,306	2,200	1,861	202,094	(10,378)	20,935	10,557	214,512
Professional services	-	-	-	-	-	26,233	-	-	-	26,233	86,974	-	86,974	113,207
Telecommunications	38,074	14,045	21,608	2,693	8,625	10,078	3,227	1,093	1,373	99,443	14,044	1,345	15,389	116,205
Information technology	17,643	16,029	22,734	7,848	7,669	10,743	6,063	888	3,503	89,617	(15,693)	5,404	(10,289)	82,831
Insurance	-	-	-	-	-	-	-	-	-	-	97,219	-	97,219	97,219
Supplies and postage	12,884	2,159	29,120	1,482	2,398	3,619	960	389	299	53,011	31,344	4,585	35,929	89,239
Awards	-	-	-	-	-	-	7,500	-	-	7,500	1,000	-	1,000	8,500
Other expenses	2,193	250	416	-	1,550	1,248	1,447	80,417	4,558	87,521	(8,390)	856	(7,534)	84,545
Repair and maintenance	-	-	256	-	483	816	1,901	-	-	3,456	119,957	76	120,033	123,489
Equipment and rentals	6,466	6,501	5,560	1,896	1,119	-	208	1,696	757	23,446	24,697	1,902	26,599	50,802
Interest and fees	2	365	438	446	73	710	407	-	665	2,441	47,021	17,845	64,866	67,972
Dues and subscriptions	2,385	249	18,543	-	295	1,271	438	2,311	8,810	25,492	6,256	495	6,751	41,053
Professional development	-	-	-	-	-	95	-	-	300	95	538	-	538	933
Communications	63,111	40,126	59,165	24,427	16,254	68,158	22,769	10,769	(316,687)	304,779	67	11,841	11,908	-
Total program services	1,765,750	1,134,636	1,717,387	673,751	465,754	2,400,151	623,480	277,948	-	9,058,857	2,495,931	332,556	2,828,487	11,887,344
Indirect expense allocation														
Indirect	312,890	249,843	336,763	104,331	101,540	410,336	139,937	53,480	-	1,709,120	(1,783,234)	74,114	(1,709,120)	-
Occupancy	576	-	-	-	-	1,306	-	-	-	1,882	(1,882)	-	(1,882)	-
Total expenses	$ 2,079,216	$ 1,384,479	$ 2,054,150	$ 778,082	$ 567,294	$ 2,811,793	$ 763,417	$ 331,428	$ -	$ 10,769,859	$ 710,815	$ 406,670	$ 1,117,485	$ 11,887,344

See accompanying notes.

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 2,088,686
Adjustments to reconcile changes in net assets	
to net cash from operating activities	
Net realized and unrealized gain on investments	(749,264)
Depreciation and amortization	560,754
Change in operating assets and liabilities:	
Contributions receivable	(1,321,677)
Government contracts receivable	890,166
Deferred compensation investments	(22,780)
Prepaid expenses and other assets	69,812
Accounts payable	109,389
Accrued expenses	8,111
Deferred rent liability	40,974
Deferred compensation liabilities	22,780
Net cash from operating activities	1,696,951
CASH FLOWS USED IN INVESTING ACTIVITIES	
Proceeds from sale of investments	5,818,954
Purchases of investments	(6,953,306)
Net cash used in investing activities	(1,134,352)
NET INCREASE IN CASH AND CASH EQUIVALENTS	562,599
CASH AND CASH EQUIVALENTS, beginning of year	4,135,910
CASH AND CASH EQUIVALENTS, end of year	$ 4,698,509

See accompanying notes.

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 Without Violence 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, California and qualifying for a historic tax credit in connection with the renovation of Building 100, where Futures Without Violence 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, and teens – FUTURES works to promote resiliency for children exposed to violence. FUTURES works at the forefront of policy and research to advance promising practices in health care, education, law enforcement, and social services that help young people heal and thrive. FUTURES believes in starting early and investing in prevention strategies that promote healthy relationships among teens and young adults. Working with violence prevention advocates and educators, FUTURES has worked to break the cycle of violence by developing groundbreaking programs to prevent teen dating violence and promote healthy relationships.

Economic and social justice – The National Workplace Resource Center provides guidelines and technical assistance to businesses in preventing violence against women and girls in the workplace. Workers in low-wage industries are especially vulnerable to sexual assault, domestic violence, stalking, and trafficking. FUTURES is pioneering collaborations between anti-violence advocates, worker associations, the criminal justice system, labor and immigration officials, employers, and more to forge dialogue and innovative solutions to create a safer, more equitable, and more productive working environment and community. FUTURES also provides training and technical assistance to organizations seeking to work collaboratively to effectively respond to human trafficking in their communities.

Health – Recognizing the health impacts of domestic and sexual violence, FUTURES works across sectors to advance quality health care for patients everywhere. FUTURES pioneers best practices and policies to address the unique health needs of survivors of violence and to promote prevention. FUTURES provides training and technical assistance to improve health care providers' response to domestic violence and innovative partnerships that make health care more accessible to survivors when they need it most. For nearly 20 years, FUTURES has been the federally-designated National Health Resource Center on Domestic Violence. Bridging the gaps between domestic and sexual violence advocates, health care professionals, law enforcement, and social workers, our programs support innovative partnerships that promote a more holistic approach to health care for survivors of violence.

Policy and international – 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, improving options for immigrant women, and increasing funding to services that make the critical difference in the lives of victims. FUTURES believes that ending violence against women is essential to development, health, security, and prosperity in nations and communities around the globe, and therefore continues to play an active role advocating for policy solutions such as the Violence Against Women Act in the U.S. and internationally (VAWA AND I-VAWA).

Legal – FUTURES' National Judicial Education Project helps battered women and their children by educating judges on how their decisions can play a critical role to prevent domestic violence injuries and deaths, increasing their cultural competence, and by assisting municipalities in developing domestic violence courts. Since 1999, FUTURES has trained over 9,000 judges across the U.S. to enhance their understanding of domestic violence, sexual assault, and stalking, and equip them with the tools they need to better support victims of abuse.

Public education campaigns – 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 and Teach Early Campaigns, encouraging men, caregivers, teachers, and other mentors 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.

Public engagement and corporate relations – FUTURES develops and implements strategic partnerships that are designed to engage and educate consumers and the general public about positive solutions for violence prevention. Through cause-related, events, promotions, and targeted educational programs FUTURES works with companies, professional sports teams, and membership associations to provide education and opportunities for participation in support of our work to end and prevent domestic violence, sexual assault, and child abuse.

Strategic Initiatives – FUTURES strives to identify critical social issues that contribute to violence against women and children, and develop groundbreaking programs and campaigns to empower individuals and transform social norms. We believe that new collaborations to share lessons learned and develop comprehensive strategies can prevent and end violence against women and children.

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, 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, they 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, 2016, 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, 2016.

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, 2016, restricted cash amounted approximately to $187,000.

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.

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 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, and (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, 2016, 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 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 not be more than 5%. The spending policy is further limited to fifty percent of endowment income each fiscal year.

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 Internal Revenue Code (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, 2016, as they have been deemed immaterial to the consolidated 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 respective share of the company's income and expense as reported for income tax purposes.

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.

On January 5, 2017, Bay Area Historic 2011 Fund, LLC (the "Seller") delivered its Put Notice to Presidio Building 100, Inc. (the "Purchaser") according to the Option Agreement dated September 30, 2009. On May 16, 2017, the Purchaser finalized the Settlement Agreement and Release with the Seller for a total of $491,842 to be paid on, or before June 30, 2017.

FUTURES has evaluated subsequent events through May 19, 2017, which is the date the consolidated financial statements are available to be issued.

Recent accounting pronouncements –In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. FUTURES adopted ASU 2014-15 during year ended December 31, 2016. The adoption of ASU 2014-15 did not have a material impact on FUTURES' consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption is effective for FUTURES for calendar year ending December 31, 2020. FUTURES is currently evaluating the impact of the provisions of ASU 2016-02 on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), which improves the current net asset classification requirements and the information presented in financial statements and notes about an entity's liquidity, financial performance, and cash flows. The update removes the requirement to present three classes of net assets with two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the notes. The amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods beginning after December 15, 2018, with application to interim financial statements permitted but not required in the initial year of application. The adoption is effective for FUTURES for the calendar year ending December 31, 2018. FUTURES currently evaluating the impact of the provisions of ASU 2016-14 on the consolidated financial statements.

NOTE 3 – REAL ESTATE ENTITIES

Presidio Building 100, Inc., is a wholly owned for-profit subsidiary of FUTURES. 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.

	Presidio Building 100, Inc.	Presidio SL, LLC	Presidio MT, LLC
Futures Without Violence	100.00%	0.00%	0.00%
Presidio Building 100, Inc.	0.00%	0.01%	55.00%
Presidio SL, LLC	0.00%	0.00%	45.00%
Noncontrolling Interest: Bay Area Historic Fund 2011, LLC	0.00%	99.99%	0.00%
Total	100.00%	100.00%	100.00%

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 that 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. 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 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 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 has guaranteed certain contractual obligations of its subsidiaries including the continued management and operations and has funded an operating reserve as required.

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 prospectively applied the guidance and recognized the noncontrolling interest as a component of its consolidated statement of financial position and consolidated statement of activities.

As of December 31, 2016, the composition of the noncontrolling interest is as follows:

Noncontrolling investor, beginning of the year net assets	$	2,718,883
Preferred return		(82,140)
Net loss		(196,795)
Noncontrolling investor, end of year net assets	$	2,439,948

NOTE 4 – CONTRIBUTIONS RECEIVABLE

FUTURES received indications of intentions to give from various donors and board members. The anticipated gifts are conditional upon fulfillment through the donor's estate or when the agreements are executed. The value of the gifts is approximately $1,795,000, and is not recognized as assets in the consolidated statement of financial position as of December 31, 2016.

Contributions receivable with payment terms in excess of one year are subject to discounting based on an internal discount rate. FUTURES believes the discount associated with such contributions are immaterial to the consolidated financial statements.

Contributions receivable as of December 31, 2016, consists of the following:

Operations	$	180,868
Programs		1,840,522
Total contributions receivable	$	2,021,390

At December 31, 2016, contributions receivable due in less than one year is $1,534,555. Contributions receivable due in one to five years are $486,835.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments

Investments are summarized below as of December 31, 2016:

Cash and cash equivalents	$	2,737,439
Equity securities		11,467,940
Government obligations		1,408,012
Fixed income		2,576,066
Mutual funds		2,466,049
Total investments	$	20,655,506

For the year ended December 31, 2016, investment gain, net consists of the following:

Interest and dividends	$	316,154
Realized and unrealized gain, net		749,264
Less: investment fees		(159,642)
Total investment gain, net	$	905,776

Fair value measurements

The table below presents assets measured at fair value on a recurring basis at December 31, 2016:

	Total	Level 1	Level 2
Investments:			
Cash and cash equivalents	$ 2,737,439	$ 2,737,439	$ -
Equity securities:			
Domestic equity	7,663,623	7,663,623	-
International equity	3,593,355	3,593,355	-
Real estate investment trusts	210,962	210,962	-
Government obligations:			
U.S. Treasury and government agency bonds	1,408,012	-	1,408,012
U.S. corporate bonds	2,576,066	-	2,576,066
Mutual funds:			
Domestic equity funds	2,466,049	2,466,049	-
Total investments	20,655,506	16,671,428	3,984,078
Investments held for deferred compensation:			
Investment in variable life insurance	293,161	293,161	-
Cash and cash equivalents	115,447	115,447	-
Mutual funds:			
Domestic equity funds	841,453	841,453	-
Total investments held for deferred compensation	1,250,061	1,250,061	-
Total assets measured at fair value	$ 21,905,567	$ 17,921,489	$ 3,984,078

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2016:

Office equipment and computers	$ 646,918
Office furniture	401,182
Leasehold improvements	17,650,345
	18,698,445
Less: accumulated depreciation	(3,667,228)
Total property and equipment, net	$ 15,031,217

Depreciation and amortization expense for the year ended December 31, 2016, amounted to $560,754.

NOTE 7 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as to purpose for the following activities as of December 31, 2016:

Program services:	
Endowment - unappropriated earnings	$ 3,644,935
Children/youth/young families	1,302,370
Economic justice	1,081,463
Health	460,907
International	361,865
Public education campaigns	200,000
Public engagement and corporate relations	438,874
Strategic initiatives	200,000
	$ 7,690,414

Net assets were released from donor restrictions for the following programs by incurring expenses satisfying the restricted purposes during the year ended December 31, 2016, as follows:

Program services:	
Children/youth/young families	$ 900,669
International	765,560
Health	556,425
Endowment - unappropriated earnings	531,773
Strategic initiatives	200,111
Public education campaigns	171,889
Public engagement and corporate relations	150,000
Other	18,537
	$ 3,294,964

Permanently restricted net assets of $13,545,327 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 8 – ENDOWMENT NET ASSETS

The composition of endowment net assets at December 31, 2016, is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 3,644,960	$ 13,545,327	$ 17,190,287

The changes in endowment net assets during the year ended December 31, 2016, are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,341,291	$ 13,540,327	$ 16,881,618
Contributions	-	5,000	5,000
Net gains on investments	835,417	-	835,417
Appropriation of assets for operations per donor instructions	(531,773)	-	(531,773)
Endowment net assets, end of year	$ 3,644,935	$ 13,545,327	$ 17,190,262

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating leases – FUTURES conducts its operations from San Francisco, California; Boston, Massachusetts; and Washington, D.C. offices under noncancelable operating leases, which expire at various dates through June 2051. The monthly base rents for 2016 range from $6,000 to $17,454 and are subject to annual increases as specified in the lease agreements. Rent and occupancy expense for the year ended December 31, 2016, amounted to $607,230.

Future minimum lease payments under all noncancelable operating leases are as follows:

Year Ending December 31,	
2017	$ 289,789
2018	297,442
2019	300,434
2020	303,532
2021	222,195
Thereafter	7,651,053
	$ 9,064,445

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 within 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, 2016, 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 10 – 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 $297,660 for the year ended December 31, 2016.

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 $1,250,061 at December 31, 2016, which represents the value of the deferred compensation plan and FUTURES' obligation under Section 457(b).

NOTE 11 – 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.

Periodically, throughout the year, FUTURES has maintained balances in various operating 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 73% of the receivables are due from government agencies.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2016

	Presidio MT, LLC	Presidio SL, LLC	Presidio Building 100, Inc.	Futures Without Violence	Eliminations	Total
ASSETS						
Cash and cash equivalents	$ 55,594	$ 247,976	$ 1,551	$ 4,393,388	$ -	$ 4,698,509
Contributions receivable	-	-	-	2,021,390	-	2,021,390
Government contracts receivable	-	-	-	1,058,720	-	1,058,720
Investments	-	-	-	20,655,506	-	20,655,506
Deferred compensation investments	-	-	-	1,250,061	-	1,250,061
Property and equipment, net	15,626,819	-	-	13,862	(609,464)	15,031,217
Intercompany receivables	-	-	1,362,041	1,273,715	(2,635,756)	-
Investment in subsidiary	-	2,388,655	11,757,220	11,846,297	(25,992,172)	-
Prepaid expenses and other assets	126,367	-	-	200,605	-	326,972
Total assets	$ 15,808,780	$ 2,636,631	$ 13,120,812	$ 42,713,544	$ (29,237,392)	$ 45,042,375
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	$ -	$ -	$ 800	$ 456,729	$ -	$ 457,529
Accrued expenses	-	171,780	-	385,069	-	556,849
Deferred rent liability	325,746	-	-	-	-	325,746
Deferred compensation liabilities	-	-	-	1,250,061	-	1,250,061
Intercompany payables	1,362,043	-	1,273,713	-	(2,635,756)	-
Total liabilities	1,687,789	171,780	1,274,513	2,091,859	(2,635,756)	2,590,185
NET ASSETS						
Unrestricted						
Undesignated	11,732,335	24,903	11,846,299	19,385,944	(24,212,980)	18,776,501
Noncontrolling interest	2,388,656	2,439,948	-	-	(2,388,656)	2,439,948
	14,120,991	2,464,851	11,846,299	19,385,944	(26,601,636)	21,216,449
Temporarily restricted	-	-	-	7,690,414	-	7,690,414
Permanently restricted	-	-	-	13,545,327	-	13,545,327
Total net assets	14,120,991	2,464,851	11,846,299	40,621,685	(26,601,636)	42,452,190
Total liabilities and net assets	$ 15,808,780	$ 2,636,631	$ 13,120,812	$ 42,713,544	$ (29,237,392)	45,042,375

FUTURES WITHOUT VIOLENCE AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	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	$ -	$ -	$ -	$ 6,406,755	$ -	$ 6,406,755	$ -	$ -	$ 6,406,755
Grants and contributions	-	-	-	5,948,422	-	1,299,577	4,643,845	5,000	5,948,422
Investment gain, net	-	-	-	611,089	294,687	70,359	835,417	-	905,776
Other income	217,781	315,000	-	797,217	(532,781)	797,217	-	-	797,217
Net assets released from restrictions	-	-	-	-	-	3,294,964	(3,294,964)	-	-
Total revenue and support	217,781	315,000	-	13,763,483	(238,094)	11,868,872	2,184,298	5,000	14,058,170
EXPENSES									
Program services									
Children/youth/young families	-	-	-	2,079,216	-	2,079,216	-	-	2,079,216
Economic justice	-	-	-	1,384,479	-	1,384,479	-	-	1,384,479
Health	-	-	-	2,054,150	-	2,054,150	-	-	2,054,150
International	-	-	-	778,082	-	778,082	-	-	778,082
Legal	-	-	-	567,294	-	567,294	-	-	567,294
Public education campaigns				2,811,793		2,811,793			2,811,793
Public engagement and corporate relations	-	-	-	763,417	-	763,417	-	-	763,417
Strategic initiatives	-	-	-	331,428	-	331,428	-	-	331,428
Total program services	-	-	-	10,769,859	-	10,769,859	-	-	10,769,859
Supporting services									
Management and general	745,167	511,795	294,709	237,315	(1,078,171)	710,815	-	-	710,815
Fundraising/development	-	-	-	406,670	-	406,670	-	-	406,670
Total supporting services	745,167	511,795	294,709	643,985	(1,078,171)	1,117,485	-	-	1,117,485
Total expenses	745,167	511,795	294,709	11,413,844	(1,078,171)	11,887,344	-	-	11,887,344
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(527,386)	(196,795)	(294,709)	2,349,639	840,077	(18,472)	2,184,298	5,000	2,170,826
OTHER CHANGES									
Preferred return (Note 3)	-	(82,140)	-	-	-	(82,140)	-	-	(82,140)
CHANGE IN NET ASSETS	(527,386)	(278,935)	(294,709)	2,349,639	840,077	(100,612)	2,184,298	5,000	2,088,686
NET ASSETS, beginning of year before noncontrolling interest	12,022,389	24,903	12,141,008	38,272,046	(24,815,725)	18,598,178	5,506,116	13,540,327	37,644,621
Noncontrolling interest net assets (Note 3)	2,625,988	2,718,883	-	-	(2,625,988)	2,718,883	-	-	2,718,883
NET ASSETS, beginning of year	14,648,377	2,743,786	12,141,008	38,272,046	(27,441,713)	21,317,061	5,506,116	13,540,327	40,363,504
NET ASSETS, end of year	$ 14,120,991	$ 2,464,851	$ 11,846,299	$ 40,621,685	$ (26,601,636)	$ 21,216,449	$ 7,690,414	$ 13,545,327	$ 42,452,190