Report of Independent Auditors and
Consolidated Financial Statements

Futures Without Violence and Subsidiaries

December 31, 2019

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Report of Independent Auditors

The Board of Directors
Futures Without Violence and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Futures Without Violence and Subsidiaries (collectively "FUTURES'"), which comprise the consolidated statement of financial position as of December 31, 2019, 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 FUTURES' 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 FUTURES' 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 consolidated financial position of Futures Without Violence and Subsidiaries as of December 31, 2019, 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.

Adoption of New Accounting Standards

As discussed in Note 2 to the consolidated financial statements, FUTURES adopted Accounting Standards Updates ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method applied to all contracts and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* using the modified prospective basis. Our opinion is not modified with respect to these matters.

Moss Adams LLP

San Francisco, California
May 18, 2020

Consolidated Financial Statements

Futures Without Violence and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2019

ASSETS		
Cash and cash equivalents	$	10,693,228
Contributions receivable		2,658,790
Government contracts receivable		1,350,981
Investments, held at fair value		25,815,996
Investment in closely held company, held at cost		314,331
Loans receivable		850,000
Deferred compensation investments		1,335,496
Property and equipment, net		13,647,025
Prepaid expenses and other assets		526,465
Total assets	$	57,192,312

LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	789,742
Accrued expenses		548,887
Contract liabilities		311,977
Deferred rent liability		442,425
Deferred compensation liabilities		1,335,496
Total liabilities		3,428,527
NET ASSETS		
Without donor restrictions		
Undesignated		20,567,363
Total without donor restrictions		20,567,363
With donor restrictions		
Program services		19,641,095
Endowment		13,555,327
Total with donor restrictions		33,196,422
Total net assets		53,763,785
Total liabilities and net assets	$	57,192,312

See accompanying notes.

Futures Without Violence and Subsidiaries
Consolidated Statement of Activities
Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Government grants	$ 7,698,214	$ -	$ 7,698,214
Private grants and contributions	869,339	9,397,500	10,266,839
Investment gain, net	346,436	3,714,840	4,061,276
Other income	1,541,353	-	1,541,353
Net assets released from restrictions	2,473,618	(2,473,618)	-
Total revenue and support	12,928,960	10,638,722	23,567,682
EXPENSES			
Program services			
Children/youth/teens	4,687,102	-	4,687,102
Economic and social justice	1,410,079	-	1,410,079
Health	1,692,580	-	1,692,580
Policy and international	192,520	-	192,520
Legal	653,844	-	653,844
Public education campaigns	1,300,191	-	1,300,191
Public engagement and corporate relations	1,113,530	-	1,113,530
Strategic initiatives	360,646	-	360,646
Total program services	11,410,492	-	11,410,492
Supporting services			
Management and general	747,255	-	747,255
Fundraising/development	784,796	-	784,796
Total supporting services	1,532,051	-	1,532,051
Total expenses	12,942,543	-	12,942,543
CHANGE IN NET ASSETS	(13,583)	10,638,722	10,625,139
NET ASSETS, beginning of year	20,580,946	22,557,700	43,138,646
NET ASSETS, end of year	$ 20,567,363	$ 33,196,422	$ 53,763,785

See accompanying notes.

Futures Without Violence and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services										Supporting Services			
	Children/ Youth/Teens	Economic and Social Justice	Health	Policy and 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	$ 1,556,396	$ 673,130	$ 744,922	$ 119,278	$ 301,878	$ 410,625	$ 402,351	$ 210,695	$ 79,696	$ 4,498,971	$ 1,156,142	$ 400,123	$ 1,556,265	$ 6,055,236
Consultants and subcontractors	1,964,162	309,763	383,864	24,996	175,710	298,462	235,805	18,143	158,239	3,569,144	14,758	76,750	91,508	3,660,652
Conference facilities and fees	102,782	27,387	28,175	66	9,355	96,093	18,299	6,637	-	288,794	15,652	18,822	34,474	323,268
Occupancy and utilities	-	-	3,335	-	-	28	330	-	-	3,693	647,990	-	647,990	651,683
Design/production/printing/reproduction	41,353	65,153	57,123	255	8,341	66,011	168,731	5,190	2,030	414,187	(26,170)	7,905	(18,265)	395,922
Website and software	9,092	4,370	7,905	9,544	-	32,602	4,228	2,978	85,897	156,616	1,366	39,216	40,582	197,198
Travel and meetings	135,679	44,064	39,342	3,944	22,270	46,377	49,439	17,165	-	358,280	4,622	4,726	9,348	367,628
Insurance	-	-	-	-	-	1,925	-	-	-	1,925	85,207	-	85,207	87,132
Professional services	-	-	-	-	-	88,225	-	-	-	88,225	88,600	-	88,600	176,825
Telecommunications	20,463	8,547	18,127	1,029	3,659	7,118	3,643	1,357	286	64,229	19,167	2,124	21,291	85,520
Information technology	38,627	12,986	20,737	1,854	6,914	8,877	7,091	7,323	2,566	106,975	(35,079)	5,708	(29,371)	77,604
Supplies and postage	20,545	7,101	22,247	536	1,458	8,631	2,558	1,074	210	64,360	34,795	8,214	43,009	107,369
Repair and maintenance	-	-	-	-	-	-	3,340	-	-	3,340	90,675	-	90,675	94,015
Equipment and equipment rentals	355	-	22	1,424	-	-	4,977	-	-	6,778	28,568	-	28,568	35,346
Awards	-	-	-	-	-	-	-	(520)	-	(520)	-	10,028	10,028	9,508
Dues and subscriptions	5,148	1,783	6,220	198	793	577	-	1,328	659	16,706	10,975	3,149	14,124	30,830
Professional development	-	50	-	-	89	-	-	-	-	139	2,034	-	2,034	2,173
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	482,421	-	482,421	482,421
Communications	109,419	30,179	52,150	7,045	17,414	34,118	22,945	29,371	(330,057)	(27,416)	17	27,399	27,416	-
Interest and fees	2,268	447	703	57	191	1,650	162	103	9	5,590	36,848	22,141	58,989	64,579
Miscellaneous	990	3,409	1,281	59	920	523	4,255	7,245	465	19,147	15,136	3,351	18,487	37,634
Total program services	4,007,279	1,188,369	1,386,153	170,285	548,992	1,101,842	928,154	308,089	-	9,639,163	2,673,724	629,656	3,303,380	12,942,543
Indirect expense allocation														
Indirect	679,823	221,710	306,427	22,235	104,852	198,349	185,376	52,557	-	1,771,329	(1,926,469)	155,140	(1,771,329)	-
Total expenses	$ 4,687,102	$ 1,410,079	$ 1,692,580	$ 192,520	$ 653,844	$ 1,300,191	$ 1,113,530	$ 360,646	$ -	$ 11,410,492	$ 747,255	$ 784,796	$ 1,532,051	$ 12,942,543

See accompanying notes.

Futures Without Violence and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 10,625,139
Adjustments to reconcile changes in net assets to net cash from operating activities	
Net realized and unrealized gain on investments	(3,277,697)
Depreciation and amortization	482,421
Change in operating assets and liabilities:	
Contributions receivable	463,451
Government contracts receivable	(391,566)
Deferred compensation investments	(156,108)
Prepaid expenses and other assets	(209,362)
Accounts payable	347,248
Accrued expenses	48,871
Deferred revenue	154,828
Deferred rent liability	34,695
Deferred compensation liabilities	156,108
Net cash provided by operating activities	8,278,028
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(21,981)
Proceeds from sale of investments	5,763,399
Purchases of investments	(6,852,865)
Net cash used in investing activities	(1,111,447)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,166,581
CASH AND CASH EQUIVALENTS, beginning of year	3,531,475
CASH AND CASH EQUIVALENTS, end of year	$ 10,698,056
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for taxes	$ 7,895

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.

Communications – FUTURES' communications department is an organizational service center which provides direct services to all programs within FUTURES. The expenses associated with this service center are direct, program related expenses and as such, they are charged directly to each project. These services are provided via online and digital technologies that increase program visibility and disseminate project findings, as well as via the technical assistance that builds social marketing capacity, media outreach and communications. As a service center, FUTURES' communication department recovers the cost of its operations through charges to its users. The cost of running the service center is charged to programs on a "proportional rate" basis. Rates are generally formulated to recover the costs of operations such as salaries, benefits, materials, supplies, and website management.

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.

Description of net assets – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions is defined as that portion of net assets that has no use or time restrictions.

With Donor Restrictions is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restrictions until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restrictions. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restrictions until appropriated for use based on FUTURES' spending policy. FUTURES' also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as with donor restrictions until the purpose restrictions are met. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

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 an endowment are intended for investment purposes and are classified separately under investments.

Government contracts receivable – Government contracts receivable are stated at unpaid balances. Government contracts receivable are expected to be collected less than a year.

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 are accrued when earned.

Investment gains and losses are shown net of external and direct internal expenses on investments of endowment and similar funds and are reported as follows:

- Increases or decreases in net assets with donor restrictions if the terms of the gift or FUTURES' interpretation of relevant state law requires they be added to the principal of a net asset with donor restrictions.

- Increases or decreases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income.

- Increases or decreases in net assets without donor restrictions in all other cases.

These investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the consolidated statements of financial position.

Impairment in investments held at cost – FUTURES evaluates for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. As of December 31, 2019, no such write-downs have occurred.

Loans receivable – Loans that FUTURES has the intent and ability to hold for the foreseeable future are stated at the amount of unpaid principal, reduced by an allowance for loan losses. These loans are unsecured. Loans have maturity dates through September 25, 2021. No allowance for loan losses was deemed necessary at December 31, 2019.

Interest accrues on loans receivable daily in accordance with the interest rates applicable to the loans. The average interest rate on loans was 1.75% per annum.

Allowance for doubtful accounts – FUTURES provides an allowance for grants, contracts, loans, and contributions receivable that management believes may not be collected in full. An evaluation of the collectability of the amounts outstanding is conducted based on a combination of factors. When a specific organization is unable to meet its financial obligations (due to, for example, financial difficulties), a specific reserve is recorded. For all other organizations, FUTURES recognizes reserves for bad debts based on historical collection experience. If circumstances change (i.e., higher than expected defaults or an unexpected material adverse change in an organization's ability to meet its financial obligations), FUTURES' estimates of the recoverability of amounts due may change in the near term. No allowance was deemed necessary at December 31, 2019.

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 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, the corpus of funds subject to UPMIFA is classified as with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained in perpetuity. The value of assets in excess of original gifts in donor restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by FUTURES. In accordance with CPMIFA, FUTURES considers the following factors in making a determination as to the appropriation of assets for expenditure: 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 FUTURES.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below historical gift value. At December 31, 2019, there were no such 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 the targeted annual average growth rate as a real return of 4%, after accounting for inflation, taxes, and fees. 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 50% of endowment income each fiscal year.

Revenue recognition – For the year ended December 31, 2019, FUTURES has adopted Accounting Standards Update ("ASU") No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Management has undertaken a review of contracts and revenue streams for all of FUTURES' revenues.

FUTURES' has opted for the modified retrospective method for the transition. Under this approach, entities must elect to apply the new revenue recognition model in Accounting Standards Codification ("ASC") Topic 606 to either all contracts or only those that are not completed as of the date of adoption. FUTURES' has elected to apply ASC 606 to all contracts at the date of initial application. This approach would involve comparing how those contracts would have been recorded under ASC Topic 606 with how they were actually recorded under legacy generally accepted accounting principles ("GAAP"). Any necessary adjustments would be recorded to opening net assets on the date of adoption (prior periods would not be restated).

As a result of management's review, there were no adjustments required to opening net assets on the date of adoption, January 1, 2019.

Private and government grant revenues are recognized as net assets without donor restrictions as services are recognized in accordance with ASU No. 2018-08. Contract and government grants are considered to be a conditional contribution and the contribution is met when the services are performed and/or expenses are incurred.

Contributions received as well as collectible unconditional promises to give are recognized in the period the contribution is received. Contributions with donor-imposed restrictions are reported as revenues with donor restrictions. Net Assets with donor restrictions are classified to net assets without donor restrictions when the donor restrictions are satisfied. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as without donor restrictions support in that period. Conditional contributions are recognized when the conditions on which they depend are substantially met.

Certain sources of revenue are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of ASC Topic 606.

All of FUTURES revenue from contracts with customers in the scope of ASC Topic 606 is recognized in other income. Sources of revenue from contracts with customers that are in the scope of ASC Topic 606 include the following:

Contract fee revenue – Contract fee revenue in the amount of $1,208,886 was included in other income as of December 31, 2019. FUTURES earns contract fee revenue from customers for services rendered as the contract transaction occurs. Contract fee revenue is charged to customers on a monthly or quarterly basis and is recognized as the performance obligation is satisfied or at the end of the service period. The performance obligation is met when services are performed and or when expenses are incurred.

Contract liabilities represents advance payment for services to be provided within the next twelve months, and revenue will be recognized at the time the performance obligation is satisfied.

FUTURES has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the consolidated statement of activities was not necessary. FUTURES generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is limited judgment involved in applying ASC Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Expense allocation – The costs of providing programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. 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.

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.

In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement where Level 1 is the highest and Level 3 is the lowest. FUTURES' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

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, 2019, 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.

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 available to be 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.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. FUTURES' operations are concentrated in California which has restricted gatherings and implemented shelter in place restrictions. FUTURES continues normal operations while closely monitoring employees and visitors to all business locations to limit the spread of the virus. Given the dynamic nature of these circumstances and business disruption, FUTURES anticipates a significant short-term impact. FUTURES will continue to monitor the situation closely, but given the uncertainty about the situation, management can't estimate the impact to the consolidated financial statements.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The outbreak has disrupted economic markets and FUTURES has experienced a significant decline in the market value of its investments. The duration and economic impact of the outbreak is uncertain but could have a material impact on FUTURES liquidity.

In May 2020, FUTURES was granted a loan under the Paycheck Protection Program offered by the SBA under the Coronavirus Aid Relief, and Economic Security Act (CARES Act), in the amount of $978,782, with a maturity date of April 30, 2022. The loan bears interest at 1% with no payments for the first 6 months. The loan is subject to partial or full forgiveness if FUTURES uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance.

FUTURES has evaluated subsequent events through May 18, 2020, which is the date the consolidated financial statements are available to be issued.

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 Futures Without Violence, 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%	99.99%	0.00%
Presidio Building 100, Inc.	0.00%	0.01%	55.00%
Presidio SL, LLC	0.00%	0.00%	45.00%
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 the 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 IRC. Bay Area Historic Fund 2011, LLC, received the historic tax credit and other tax benefits of the renovation until the time they transferred their interest to Futures Without Violence during 2017.

Effective December 31, 2019, Presidio SL, LLC, was effectively dissolved. At December 31, 2019, Presidio SL, LLC had cash and net assets of $74,570 which was disbursed to Presidio MT, LLC in January 2020. Subsequent to the distribution of the remaining net assets in January 2020 all activities within Presidio SL, LLC, ceased.

Futures Without Violence has guaranteed certain contractual obligations of its subsidiaries including the continued management and operations of the building.

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 are not recognized as assets in the consolidated statement of financial position as of December 31, 2019.

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, 2019, consists of the following:

Operations	$ 364,664
Programs	2,294,126
Total contributions receivable	$ 2,658,790

At December 31, 2019, contributions receivable due in less than one year is $1,758,790. Contributions receivable due in one to five years is $900,000.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following tables present the investments carried at fair value on the accompanying consolidated statement of financial position as of December 31, 2019, by valuation hierarchy:

	Total	Level 1	Level 2	Net Asset Value
Investments:				
Cash and cash equivalents	$ 471,385	$ 471,385	$ -	$ -
Equity securities:				
Domestic equity	6,699,876	6,699,876	-	-
International equity	5,092,783	5,092,783	-	-
Real estate investment trusts	258,580	258,580	-	-
Certificates of deposit	2,452,790	2,452,790		
Mutual funds:				
Domestic bond funds	5,225,979	5,225,979	-	-
Domestic equity funds	3,143,061	3,143,061	-	-
International equity funds	1,043,948	1,043,948	-	-
Alternative investments:				
Fund of funds	1,427,594	-	-	1,427,594
Total investments	25,815,996	24,388,402	-	1,427,594
Investments held for deferred compensation:				
Investment in variable life insurance	345,064	345,064	-	-
Cash and cash equivalents	9,083	9,083	-	-
Domestic equity	12,730	12,730	-	-
Mutual funds:				
Domestic bond funds	207,952	207,952	-	-
Domestic equity funds	308,961	308,961	-	-
Exchange traded funds	451,706	451,706	-	-
Total investments held for deferred compensation	1,335,496	1,335,496	-	-
Total assets measured at fair value	$ 27,151,492	$ 25,723,898	$ -	$ 1,427,594

Alternative investments are comprised of investments in fund of funds. Fair value associated with these investments has been based on information provided by the individual fund managers. FUTURES' used the net asset value per share (or its equivalent) to estimate the fair value of these alternative investments.

The following table represents the liquidity and redemption restrictions on the alternative investments above valued using net asset value:

Strategies	Fair Value at December 31, 2019	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fund of funds	1,427,594	$ -	$ -	30 days

Fund of funds – FUTURES invests in fund of funds that consist of two diversified multi-asset funds. The primary investments included in these funds are U.S. and non U.S. equities, fixed income funds, real estate, and privately held investments.

FUTURES endeavors to ensure that the fair values of the financial instruments reported in the consolidated financial statements are appropriate and determined on a reasonable basis.

While FUTURES believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets existed, or had such assets been liquidated, and these differences could be material to the consolidated financial statements.

NOTE 6 – INVESTMENT HELD AT COST

On April 10, 2018, FUTURES' invested in a limited liability partnership (LLP). The total commitment made by FUTURES was $500,000. At December 31, 2019, total capital contribution made to the LLP was $314,331. FUTURES assessed its rights as a limited partner and concluded that FUTURES does not maintain direct operational control. FUTURES did not consolidate the LLP into its consolidated financial statements as a result of not maintaining control.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2019:

Office equipment and computers	$	698,233
Office furniture		401,181
Leasehold improvements		17,650,345
		18,749,759
Less: accumulated depreciation and amortization		(5,102,734)
Total property and equipment, net	$	13,647,025

Depreciation and amortization expense for the year ended December 31, 2019, amounted to $482,421.

NOTE 8 – LINE OF CREDIT

As of September 27, 2019, FUTURES secured a line of credit up to $2,000,000 at the annual rate of 3.80% from a financial institution. The line of credit is reviewed annually and is due on demand. Under the terms of the line of credit, it is secured by certain assets of FUTURES. As of December 31, 2019, FUTURES had drawn $0 on this line of credit and no interest expenses were paid for the year ended December 31, 2019.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019, may be expended for:

Donor restricted endowment	$	13,555,327
Program services:		
Endowment - unappropriated earnings		8,301,883
Strategic initiatives		5,958,231
Public engagement and corporate relations		2,682,323
Economic justice		1,615,617
Public education campaigns		430,559
Children/youth/young families		409,550
Policy		234,900
Health		8,032
	$	33,196,422

All net assets with donor restrictions are expected to be released from restriction by December 31, 2023.

Net assets were released from donor restrictions for the following programs by incurring expenses satisfying the restricted purposes during the year ended December 31, 2019, as follows:

Program services:		
Economic justice	$	621,272
Public engagement and corporate relations		666,300
Children/youth/young families		497,654
Strategic initiatives		311,028
Public education campaigns		212,264
Policy		165,100
	$	2,473,618

Net assets with donor restrictions of $13,555,327, are to be held in perpetuity, the income of which is available for general operations as of December 31, 2019.

NOTE 10 – ENDOWMENT DISCLOSURES

FUTURES is required to provide information about net assets which are defined as endowment. Classifications include endowment which is restricted in perpetuity by donors (net assets with donor restrictions). The changes in endowment net assets for the year ended December 31, 2019, are as follows:

	With donor restrictions
Endowment net assets, beginning of year	$ 18,142,370
Contributions	-
Net gain on investments	3,714,840
Appropriation of assets for operations per donor instructions	-
Endowment net assets, end of year	$ 21,857,210

NOTE 11 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects FUTURES' financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, endowments and accumulated earnings net of appropriations within one year.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2019, are as follows:

Financial assets:	
Cash and cash equivalents	$ 10,693,228
Contributions receivable	2,658,790
Government contracts receivable	1,350,981
Investments, held at fair value	25,815,996
Investment in closely held company, held at cost	314,331
Loans receivable	850,000
Deferred compensation investments	1,335,496
Financial assets, at December 31, 2019	43,018,822
Less those unavailable for general expenditure within one year, due to:	
Contributions and grants receivable collectible beyond one year	(900,000)
Loans and other receivables, net collectible beyond one year	(150,000)
Investments not convertible to cash within next 12 months	(314,331)
Deferred compensation investments	(1,335,496)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(21,857,210)
Noncontrolling interest net assets	(1,862,325)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,599,460

FUTURES has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Available to FUTURES is its line of credit as discussed in Note 8 above which may be utilized should FUTURES face shortfalls in liquidity from operations.

NOTE 12 – 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 2019 range from $8,380 to $18,909, and are subject to annual increases as specified in the lease agreements. Rent and occupancy expense for the year ended December 31, 2019, amounted to $475,738, included in occupancy and utilities on the consolidated statement of functional expenses.

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

Year Ending December 31,		
2020	$	333,075
2021		252,793
2022		240,800
2023		240,800
2024		249,397
Thereafter		8,065,338
	$	9,382,203

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.

NOTE 13 – 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 $358,393, for the year ended December 31, 2019.

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 $1,335,496, at December 31, 2019, which represents the value of the deferred compensation plan and FUTURES' obligation under Section 457(b).

NOTE 14 – 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, fund of funds, 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 34% of the receivables are due from government agencies.

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