Report of Independent Auditors and
Consolidated Financial Statements

Futures Without Violence and Subsidiaries

December 31, 2021

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Report of Independent Auditors

The Board of Directors
Futures Without Violence and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Futures Without Violence and Subsidiaries (collectively FUTURES), which comprise the consolidated statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Futures Without Violence and Subsidiaries as of December 31, 2021, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FUTURES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FUTURES' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FUTURES’ ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Moss Adams LLP

San Francisco, California
June 29, 2022

Consolidated Financial Statement

Futures Without Violence and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2021

ASSETS		
Cash and cash equivalents	$	5,829,593
Contributions receivable		2,345,365
Government contracts receivable		1,429,836
Investments, held at fair value		50,299,917
Investment in closely held company, held at cost		1,038,626
Loans receivable		700,000
Deferred compensation investments		1,607,472
Investment in subsidiary		1,383,857
Property and equipment, net		14,392,661
Prepaid expenses and other assets		591,682
Total assets	$	79,619,009
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	1,096,684
Grants payable		2,761,445
Accrued expenses		747,107
Contract liabilities		2,787
Deferred rent liability		470,409
Deferred compensation liabilities		1,607,472
Total liabilities		6,685,904
NET ASSETS		
Without donor restrictions		
Undesignated		38,841,319
Total without donor restrictions		38,841,319
With donor restrictions		
Program services		20,536,459
Endowment		13,555,327
Total with donor restrictions		34,091,786
Total net assets		72,933,105
Total liabilities and net assets	$	79,619,009

See accompanying notes.

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	$ 8,747,462	$ -	$ 8,747,462
Foundation grants	340,298	1,662,500	2,002,798
Corporate donations	103,936	400,000	503,936
Individual donations	1,329,029	800,874	2,129,903
Investment gain, net	1,187,780	3,565,217	4,752,997
Gain on debt extinguishment	928,782	-	928,782
Other income	810,610	-	810,610
Net assets released from restrictions	8,650,995	(8,650,995)	-
Total revenue and support	22,098,892	(2,222,404)	19,876,488
EXPENSES			
Program services			
Children/youth/teens	4,050,924	-	4,050,924
Health	2,984,760	-	2,984,760
Workplace & economic justice	1,178,803	-	1,178,803
Policy	611,460	-	611,460
Courage museum	876,389	-	876,389
Public engagement and corporate relations	235,531	-	235,531
Public education campaigns	945,265	-	945,265
Learning & Leadership	629,185	-	629,185
Strategic initiatives	7,160,500	-	7,160,500
Total program services	18,672,817	-	18,672,817
Supporting services			
Management and general	10,569	-	10,569
Fundraising/development	541,039	-	541,039
Total supporting services	551,608	-	551,608
Total expenses	19,224,425	-	19,224,425
CHANGE IN NET ASSETS	2,874,467	(2,222,404)	652,063
NET ASSETS, beginning of year	35,966,852	36,314,190	72,281,042
NET ASSETS, end of year	$ 38,841,319	$ 34,091,786	$ 72,933,105

See accompanying notes.

	Program Services										Supporting Services			
	Childlren/Youth/ Teens	Health	Workplace & Economic Justice	Policy	Courage Museum	Public Engagement and Corporate Relations	Public Education Campaigns	Learning & Leadership	Strategic Initiatives	Communications	Management and General	Fundraising/ Development	Total Supporting Services	Total Expenses
Salaries, payroll taxes, and benefits	$ 1,405,327	$ 1,172,100	$ 634,675	$ 417,595	$ 283,055	$ 70,146	$ 387,291	$ 409,424	$ 412,270	$ 89,275	$ 1,388,755	$ 220,475	$ 1,609,230	$ 6,890,388
Consultants and subcontractors	611,361	557,130	211,209	42,500	250,692	49,525	122,089	26,273	489,100	145,350	2,480	110,786	113,266	2,618,495
Subawards/Grants	1,183,896	255,736	4,883	-	-	-	49,512	19,897	5,260,080	-	-	-	-	6,774,004
Conference facilities and fees	7,184	62,971	3,145	-	400	-	10	815	-	-	3,302	3,762	7,064	81,589
Occupancy and utilities	221	3,734	12	-	-	-	124	37	-	-	565,307	235	565,542	569,670
Design/production/printing/reproduction	59,412	98,233	10,027	-	3,255	55,758	18,609	752	28	4,575	4,140	6,221	10,361	261,010
Website and software	57,546	70,204	6,465	10,984	13,857	4,125	30,403	98	5,898	80,439	2,789	22,746	25,535	305,554
Travel and meetings	573	783	357	-	139	-	15	4,282	287	-	-	-	-	6,436
Insurance	-	-	-	-	-	-	-	-	-	-	92,707	-	92,707	92,707
Professional services	-	-	-	-	-	-	102,418	-	343,962	-	81,384	-	81,384	527,764
Telecommunications	13,785	17,562	5,806	1,553	1,778	443	4,567	7,178	1,580	471	23,776	1,383	25,159	79,882
Information technology	35,408	28,891	17,529	10,136	3,646	1,446	8,815	11,444	4,282	3,177	(53,166)	4,118	(49,048)	75,726
Supplies and postage	7,355	29,822	3,710	81	490	1,770	5,809	3,480	2,144	-	7,998	340	8,338	62,999
Advertising/media/advocacy	-	-	-	-	-	-	-	-	5,580	17	-	5,305	5,305	10,902
Repair and maintenance	-	-	-	-	-	-	-	-	-	-	52,684	-	52,684	52,684
Equipment and equipment rentals	59	-	-	-	-	-	-	-	-	-	13,300	-	13,300	13,359
Awards	1,100	52,800	-	-	-	-	50,000	-	-	-	-	19,175	19,175	123,075
Dues and subscriptions	6,485	15,721	2,434	2,535	180	114	680	1,303	2,398	351	17,944	3	17,947	50,148
Professional development	2,941	1,000	350	179	-	-	41	400	-	-	-	-	-	4,911
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	499,770	-	499,770	499,770
Communications	70,472	63,293	34,757	14,568	60,069	5,577	17,268	14,653	35,285	(328,289)	-	12,347	12,347	-
Interest and fees	104	284	-	-	-	-	263	-	-	-	43,742	26,818	70,560	71,211
Miscellaneous	153	4,788	707	5	1,390	216	2,488	1,606	25,351	4,634	8,330	2,473	10,803	52,141
Total program services	3,463,382	2,435,052	936,066	500,136	618,951	189,120	800,402	501,642	6,588,245	-	2,755,242	436,187	3,191,429	19,224,425
Indirect expense allocation														
Indirect	587,542	549,708	242,737	111,324	257,438	46,411	144,863	127,543	572,255	-	(2,744,673)	104,852	(2,639,821)	-
Total expenses	$ 4,050,924	$ 2,984,760	$ 1,178,803	$ 611,460	$ 876,389	$ 235,531	$ 945,265	$ 629,185	$ 7,160,500	$ -	$ 10,569	$ 541,039	$ 551,608	$ 19,224,425

Futures Without Violence and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 652,063
Adjustments to reconcile changes in net assets	
to net cash from operating activities	
Net realized and unrealized gain on investments	(4,083,242)
Gain on debt extinguishment	(928,782)
Depreciation and amortization	499,770
Change in operating assets and liabilities:	
Contributions receivable	845,207
Government contracts receivable	(261,881)
Deferred compensation investments	(121,810)
Investment in subsidiary	227,361
Prepaid expenses and other assets	(205,936)
Accounts payable	652,700
Grants payable	2,761,445
Accrued expenses	61,286
Deferred revenue	(988,379)
Deferred rent liability	13,992
Deferred compensation liabilities	121,810
Net cash used in operating activities	(754,396)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,650,342)
Proceeds from sale of investments	3,823,333
Purchases of investments	(8,614,007)
Net cash used in investing activities	(6,441,016)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,195,412)
CASH AND CASH EQUIVALENTS, beginning of year	13,025,005
CASH AND CASH EQUIVALENTS, end of year	$ 5,829,593
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 3,562

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 two entities of which it maintains whole or partial ownership: Presidio Building 100, Inc.; 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.

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.

Workplace & economic 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.

Policy – 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).

Courage museum – The Courage Museum, an immersive learning experience that will encourage visitors to imagine a world without violence, hate and discrimination, to be located on the Main Post of San Francisco's historic Presidio National Park. The Museum, an integral public engagement program of FUTURES, will be a bold new platform for learning, inspiration, leadership and action. Through storytelling, scientific insights, and cultural analyses, the museum will engage visitors in the possibility of a world in which violence is not an inevitable part of the human experience. It will be a place where individuals are inspired, challenged and equipped with tools to disrupt long-standing gender and racial inequities by advancing concrete change.

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.

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.

Learning and Leadership – 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.

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 (U.S. GAAP) 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.

Contributions receivable – Contributions receivable consist of collectible unconditional promises to give recognized in the period the contribution is received.

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 statement 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, 2021, 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, 2023. No allowance for loan losses was deemed necessary at December 31, 2021.

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, 2021.

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.

Paycheck Protection Program loan – The note payable issued pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is recorded in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. FUTURES will account for any potential loan forgiveness of the loan in accordance with ASC Subtopic 470-50-40*, Debt–Modifications and Extinguishments–Derecognition* as a debt extinguishment (Note 8).

Endowment funds – FUTURES follows the guidance of the Financial Accounting Standards Board (FASB) 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 CPMIFA 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, 2021, 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 – Private and government grant revenues are recognized as net assets without donor restrictions as services are recognized in accordance with 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*. 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, *Revenue from Contracts with Customers* (ASC 606).

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

Contract fee revenue – Contract fee revenue in the amount of $458,381 was included in other income as of December 31, 2021. 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, 2021, 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 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 U.S. GAAP 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.

FUTURES has evaluated subsequent events through June 29, 2022, 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 MT, LLC, of which Futures Without Violence, is the Investor Member.

	Presidio Building 100, Inc.	Presidio MT, LLC
Futures Without Violence	100.00%	45.00%
Presidio Building 100, Inc.	0.00%	55.00%
Total	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 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.

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 are approximately $1,495,000, and are not recognized as assets in the consolidated statement of financial position as of December 31, 2021.

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, 2021, consists of the following:

Operations	$ 559,020
Programs	1,786,345
Total contributions receivable	$ 2,345,365

At December 31, 2021, contributions receivable due in less than one year is $1,748,971. Contributions receivable due in one to five years is $596,394.

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, 2021, by valuation hierarchy:

	Total	Level 1	Level 2	Net Asset Value
Investments:				
Cash and cash equivalents	$ 12,035,689	$ 12,035,689	$ -	$ -
Equity securities:				
Domestic equity	9,906,837	9,906,837	-	-
International equity	5,344,430	5,344,430	-	-
Real estate investment trusts	270,273	270,273	-	-
Mutual funds:				
Domestic bond funds	6,351,675	6,351,675	-	-
Domestic equity funds	9,603,908	9,603,908	-	-
International equity funds	4,121,434	4,121,434	-	-
Alternative investments:				
Fund of funds	2,665,671	-	-	2,665,671
Total investments	50,299,917	47,634,246	-	2,665,671
Investments held for deferred compensation:				
Investment in variable life insurance	369,009	369,009	-	-
Cash and cash equivalents	6,543	6,543	-	-
Domestic equity	33,531	33,531	-	-
Mutual funds:				
Domestic bond funds	219,010	219,010	-	-
Domestic equity funds	380,479	380,479	-	-
Exchange traded funds	598,900	598,900	-	-
Total investments held for deferred compensation	1,607,472	1,607,472	-	-
Total assets measured at fair value	$ 51,907,389	$ 49,241,718	$ -	$ 2,665,671

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, 2021	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fund of funds	2,665,671	$ -	$ -	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

In 2018, FUTURES' invested in a limited liability partnership (LLP). The total commitment made by FUTURES was $500,000. In 2020, FUTURES' invested in two additional LLPs with commitments of $500,000 each. At December 31, 2021, total capital contributions made to the LLPs were $1,038,626. FUTURES assessed its rights as a limited partner with these partnerships and concluded that FUTURES does not maintain direct operational control. FUTURES did not consolidate the LLPs into its consolidated financial statements as a result of not maintaining control.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following as of December 31, 2021:

Office equipment and computers	$	782,462
Office furniture		401,181
Leasehold improvements		17,841,135
		19,024,778
Less: accumulated depreciation and amortization		(6,278,607)
Work in progress - museum		1,646,490
Total property and equipment, net	$	14,392,661

Depreciation and amortization expense for the year ended December 31, 2021, amounted to $499,770.

NOTE 8 – PAYCHECK PROTECTION PROGRAM

In May 2020, FUTURES was granted a loan under the PPP offered by the SBA under the CARES Act, Section 7(a)(36) of the Small Business Act for $928,782. The loan bears interest at 1% with no payments for the first 10-months after the SBA 24-week covered period ending October 24, 2020. Monthly payments of principal and interest are scheduled to begin in August 2021, and continue through maturity, if required. 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 received full forgiveness of the loan in the amount of $928,782, including interest, recorded as a gain on the extinguishment of debt for the year ended December 31, 2021 on the consolidated statement of activities.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021, may be expended for:

Donor restricted endowment	$	13,555,327
Program services:		
Endowment - unappropriated earnings		14,859,390
Strategic initiatives		2,070,163
Courage museum		1,505,302
Learning & leadership		975,900
Economic justice		929,119
Children/youth/young families		177,927
Public education campaigns		10,626
Health		8,032
	$	34,091,786

All net assets with donor restrictions for program services 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, 2021, as follows:

Program services:		
Strategic initiatives	$	6,670,435
Courage museum		980,696
Economic justice		649,375
Public education campaigns		267,138
Children/youth/young families		59,251
Learning & leadership		24,100
	$	8,650,995

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, 2021.

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, 2021, are as follows:

	With donor restrictions
Endowment net assets, beginning of year	$ 24,849,500
Net gain on investments	3,565,217
Endowment net assets, end of year	$ 28,414,717

NOTE 11 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects FUTURES' financial assets as of December 31, 2021, 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, 2021, are as follows:

Financial assets:	
Cash and cash equivalents	$ 5,829,593
Contributions receivable	2,345,365
Government contracts receivable	1,429,836
Investments, held at fair value	50,299,917
Investment in closely held company, held at cost	1,038,626
Loans receivable	700,000
Deferred compensation investments	1,607,472
Financial assets, at December 31, 2020	63,250,809
Less those unavailable for general expenditure within one year, due to:	
Contributions and grants receivable collectible beyond one year	(596,394)
Loans and other receivables, net collectible beyond one year	(550,000)
Investments not convertible to cash within next 12 months	(1,038,626)
Deferred compensation investments	(1,607,472)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(28,414,717)
Financial assets available to meet cash needs for general expenditures within one year	$ 31,043,600

FUTURES has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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 2021 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, 2021, amounted to $433,474, 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,	
2022	$ 240,590
2023	240,590
2024	249,179
2025	255,316
2026	255,316
Thereafter	14,271,324
	$ 15,512,315

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.

Coronavirus – In 2020, the World Health Organization declared the novel coronavirus outbreak as a public health emergency. FUTURES' primary operations are located in California, which has restricted gatherings of people due to the coronavirus outbreak. FUTURES instituted the strategies of virtual convenings and remote work to minimize the impact of these circumstances and business disruption. FUTURES will continue to monitor the situation closely and align business operations as required.

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 $373,484, for the year ended December 31, 2021.

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 $1,607,472, at December 31, 2021, which represents the value of the deferred compensation plan and FUTURES' obligation under Section 457(b).

NOTE 14 – CONCENTRATIONS OF CREDIT RISK

Cash and investments – 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 Federal Deposit Insurance Company ("FDIC") insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation ("SPIC") insurance limits. FUTURES has not experienced any losses in such accounts in the past.

Receivables – 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 38% of the receivables are due from government agencies.

Grants and contributions revenue – FUTURES has a concentration of credit risk with respect to volume of business transacted with certain donors and grantees. For the year ended December 31, 2021, three donors accounted for approximately 84% of FUTURES grants and contributions revenue.