

**FREEDOM FWD  
DBA FREEDOM FORWARD  
SAN FRANCISCO, CALIFORNIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Freedom FWD  
DBA Freedom Forward  
San Francisco, California

We have reviewed the accompanying statements of Freedom FWD - DBA Freedom Forward (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Freedom Forward's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
October 27, 2020

Freedom FWD  
DBA Freedom Forward  
STATEMENT OF FINANCIAL POSITION  
December 31, 2019

ASSETS

Current assets:

Cash in bank	\$ 82,865
Accounts receivable	404,136
Prepaid expenses	<u>5,412</u>

Total current assets \$ 492,413

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 34,512
Accrued vacation	<u>8,124</u>
Total current liabilities	<u>42,636</u>

Net assets:

Net assets without donor restrictions	249,313
Net assets with donor restrictions	<u>200,464</u>
Total net assets	<u>449,777</u>

Total liabilities and net assets \$ 492,413

See notes to the financial statements and independent accountant's review report.

Freedom FWD  
 DBA Freedom Forward  
STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Foundation grants	\$ 406,928	\$ 200,000	\$ 606,928
Government contracts	204,136	-	204,136
Individual contributions	6,839	-	6,839
In-kind revenue	150,790	-	150,790
Net assets released from restrictions	9,536	(9,536)	-
Total revenues	<u>778,229</u>	<u>190,464</u>	<u>968,693</u>
Expenses:			
Program services:			
Youth Leadership	30,706	-	30,706
Foster Care	192,316	-	192,316
Prevention	16,944	-	16,944
Hub	370,545	-	370,545
Collaboration	1,664	-	1,664
Total program services	<u>612,175</u>	<u>-</u>	<u>612,175</u>
Supportive services:			
Administration	91,921	-	91,921
Fundraising	4,783	-	4,783
Total supportive services	<u>96,704</u>	<u>-</u>	<u>96,704</u>
Total expenses	<u>708,879</u>	<u>-</u>	<u>708,879</u>
Change in net assets	69,350	190,464	259,814
Net assets, beginning of period	<u>179,963</u>	<u>10,000</u>	<u>189,963</u>
Net assets, end of period	<u>\$ 249,313</u>	<u>\$ 200,464</u>	<u>\$ 449,777</u>

See notes to the financial statements and independent accountant's review report.

Freedom FWD  
DBA Freedom Forward  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Program Services						Supportive Services			Total
	Youth Leadership	Foster Care	Prevention	Hub	Collaboration	Subtotal	Admin- istration	Fundraising	Subtotal	
Expenses:										
Salaries and wages	\$ 8,831	\$ 122,990	\$ 8,636	\$ 85,337	\$ 1,220	\$ 227,014	\$ 55,655	\$ 2,519	\$ 58,174	\$ 285,188
Payroll taxes	208	8,329	992	8,453	129	18,111	5,753	246	5,999	24,110
Payroll benefits	1,053	13,481	1,237	5,473	192	21,436	11,091	468	11,559	32,995
Grants to organizations	18,302	-	-	-	-	18,302	-	-	-	18,302
Program contractors	1,063	12,726	1,448	109,350	-	124,587	-	-	-	124,587
Program expenses	513	2,999	1,401	9,183	(45)	14,051	-	-	-	14,051
Professional fees	8	198	-	172	-	378	10,718	15	10,733	11,111
In-kind consulting	-	9,546	774	12,642	-	22,962	2,838	-	2,838	25,800
Rent and utilities	238	2,647	132	10,915	-	13,932	1,049	-	1,049	14,981
In-kind rent	-	6,216	531	113,966	-	120,713	1,907	-	1,907	122,620
Maintenance and repair	82	900	89	2,499	-	3,570	423	51	474	4,044
IT subscriptions and services	98	947	601	2,928	26	4,600	399	761	1,160	5,760
Office supplies	44	1,253	85	1,147	17	2,546	651	358	1,009	3,555
Computer hardware and equipment	9	3,358	87	4,818	-	8,272	324	8	332	8,604
In-kind equipment	-	877	71	1,161	-	2,109	261	-	261	2,370
Travel and meetings	215	4,038	(162)	728	112	4,931	194	32	226	5,157
Other expenses	42	1,811	1,022	1,773	13	4,661	658	325	983	5,644
Total expenses	<u>\$ 30,706</u>	<u>\$ 192,316</u>	<u>\$ 16,944</u>	<u>\$ 370,545</u>	<u>\$ 1,664</u>	<u>\$ 612,175</u>	<u>\$ 91,921</u>	<u>\$ 4,783</u>	<u>\$ 96,704</u>	<u>\$ 708,879</u>

See notes to the financial statements and independent accountant's review report.

Freedom FWD  
DBA Freedom Forward  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 259,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Accounts receivable	(394,136)
Prepaid expenses	(4,571)
Accounts payable and accrued expenses	(7,284)
Accrued vacation	4,789
Net cash provided (used) by operating activities	<u>(141,388)</u>
Net increase (decrease) in cash during the year	(141,388)
Cash balance, beginning of period	<u>224,253</u>
Cash balance, end of period	<u><u>\$ 82,865</u></u>

See notes to the financial statements and independent accountant's review report.

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1 - GENERAL

A. Organization

Freedom FWD - DBA Freedom Forward (the Organization) is a California nonprofit public benefit corporation founded in 2016. The Organization is working to improve systems in San Francisco to make the commercial sexual exploitation of youth less likely and less harmful and ensure that those who've experienced it have opportunities to thrive.

B. Program Services

**Youth Leadership** - Forward Fellows are powerful young leaders, working to shift the narratives and systems that affect the lives of youth impacted by trafficking and/or the underground street economy in San Francisco. Supported by the Organization and the Young Women's Freedom Center, they pursue a year of paid, healing-centered leadership workshops, serve as the first youth advisory board for the San Francisco mayor's task force on anti-human trafficking, and develop projects to affect their visions of change. In 2019, the Organization shared lessons learned through this process as the keynote speaker for the New York State Office of Children and Family Service's annual anti-trafficking conference. The Organization also launched its second cohort of Forward Fellows.

**Foster Care** - In 2019, the Organization worked on two projects within foster care: (1) FAM, a new model of family-based foster care designed to meet the needs of youth impacted by or at risk of commercial sexual exploitation; and (2) Launchpads, an online platform that will connect individuals with extra space in their homes with youth in extended foster care who are in need of housing.

The Organization received a large grant from the City of San Francisco's Department on the Status of Women, with source funding from the California Department of Social Services, for its work on FAM. Building on the listening sessions, research, and stakeholder convening the Organization hosted in the prior year, the Organization worked with its Youth and Caregiver Advisory Boards to select a name ("FAM: Family and Me") and formalize core elements of the new model of care, and assembled a team of service providers to deliver core components of the model, including Family Builders by Adoption, Huckleberry Youth Programs, and WestCoast Children's Clinic. The Organization worked with the UC Berkeley Human Rights Center to develop an evaluation for the pilot. The Organization also worked to finalize protocols and processes for the pilot across FAM service providers, such as cell phone policies and intake criteria.

The Organization secured support from the Tipping Point Community for its development of Launchpads. In 2019, the Organization developed the Launchpads brand and model, launched a website to promote Launchpads (see: [www.WeAreLaunchpads.org](http://www.WeAreLaunchpads.org)), and began recruiting for a Program Manager.



Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

**Hub** - The Organization began to design its new HYPE Center (where HYPE stands for “Helping Young People Elevate”), a multi-services youth center for all young people ages 14-25, especially those who have experienced the foster care or probation system, homelessness, and/or the sex trade. Designed by youth, the HYPE Center fosters young people’s self-determination by connecting them to the youth-identified services, providers, and resources they want -- all centralized under one app and under one roof. During the fall of 2019, the Organization worked with a community provider called VOICES to hire a cohort of Youth Founders to design the drop-in center. The Youth Founders went through a 15-week paid process to survey other youth, develop a name, mission, and logo, set-up the center, and identify initial service providers.

**Prevention** - The Organization continued to promote its online resource for youth, [www.IAmJasmineStrong.com](http://www.IAmJasmineStrong.com), a youth-to-youth website and animation that supports youth in the Bay Area in learning about sexual exploitation, connecting with resources, and knowing they are not alone. The Jasmine Strong movie reached over 40,000 views in 2019.

**Collaboration** - The Organization continued to be a member of the San Francisco Mayor’s Task Force on Anti-Human Trafficking as well as the San Francisco Collaborative Against Human Trafficking. The Organization also served on the Steering Committee of SF SOL, a new collaborative of organizations working to serve youth in San Francisco who have been impacted by or may experience commercial sexual exploitation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 - *Presentation of Financial Statements of Not-for-Profit Entities* and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*, ASC 958-205.

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

D. Capitalization Policy

The aggregate cost of assets over \$5,000 with a useful life of at least one year is capitalized in the statement of financial position. Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. Significant donated property and equipment is recorded at estimated fair value at the date of receipt.

E. Allocation of Expenses

Directly identifiable expenses are charged directly to program services and supportive services. Expenses related to more than one function are charged to program services and supportive services on the basis of periodic time and expense studies. Administration expenses include those expenses that provide for the overall support and direction of the Organization.

F. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

G. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

H. Contingencies

The Organization participates in grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

I. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

J. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2020, the date the financial statements were available to be issued.

The following events occurred subsequent to December 31, 2019:

See Note 10 for the coronavirus pandemic.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization’s financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH IN BANK

The cash balances as of December 31, 2019 are as follows:

First Republic Bank	\$ <u>82,865</u>
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The bank balances were insured under the \$250,000 blanket umbrella by the FDIC.

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2019 is as follows:

Department on the Status of Women	\$ 204,136
Fidelity Charitable	50,000
Perkins Family Foundation Fund	75,000
Tipping Point	<u>75,000</u>
Total	<u>\$ 404,136</u>

The Organization has not accrued an allowance for doubtful accounts as it is the opinion of management that all receivables will be realized.

NOTE 6 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$8,124 as of December 31, 2019.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 were available for the following purposes:

	Beginning Balance	Contributions	Releases	Ending Balance
<b>Subject to Expenditure for Specified Purpose</b>				
Prevention (for Jasmine Strong)	\$ 10,000	\$ -	\$ (1,923)	\$ 8,077
LaunchPads	<u>-</u>	<u>200,000</u>	<u>(7,613)</u>	<u>192,387</u>
Total	<u>\$ 10,000</u>	<u>\$ 200,000</u>	<u>\$ (9,536)</u>	<u>\$ 200,464</u>

NOTE 8 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

Cash in bank	\$ 82,865
Accounts receivable	<u>404,136</u>
Total financial assets	487,001
Donor-imposed restrictions	<u>(200,464)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 286,537</u>

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 9 - RELATED PARTY TRANSACTIONS

The Organization's volunteer members of the Board of Directors are active in the oversight of activities and in making grants and in-kind contributions. Grants and in-kind contributions received from the Board of Directors themselves, their relatives, and their related Foundations were \$497,620 for the year ended December 31, 2019.

NOTE 10 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.