

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Freedom FWD - DBA Freedom Forward (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedom Forward as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance 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  
August 25, 2021

Freedom FWD  
DBA Freedom Forward  
STATEMENT OF FINANCIAL POSITION  
December 31, 2020

ASSETS

Current assets:

Cash in bank	\$ 232,467
Accounts receivable	377,934
Prepaid expenses	<u>42,084</u>
Total current assets	<u>652,485</u>

Non-current assets:

Intangible assets, net of accumulated amortization	<u>41,472</u>
Total non-current assets	<u>41,472</u>

Total assets	<u>\$ 693,957</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 21,567
Accrued vacation	<u>40,453</u>
Total current liabilities	<u>62,020</u>

Net assets:

Net assets without donor restrictions	418,745
Net assets with donor restrictions	<u>213,192</u>
Total net assets	<u>631,937</u>

Total liabilities and net assets	<u>\$ 693,957</u>
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The accompanying notes are an integral part of these financial statements.

Freedom FWD  
 DBA Freedom Forward  
STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Foundation grants	\$ 399,000	\$ 150,000	\$ 549,000
Government contracts	651,623	-	651,623
Individual contributions	7,900	-	7,900
In-kind revenue	350,127	-	350,127
Other income	196	-	196
Net assets released from restrictions	137,272	(137,272)	-
Total revenues	<u>1,546,118</u>	<u>12,728</u>	<u>1,558,846</u>
Expenses:			
Program services:			
Youth Leadership	48,370	-	48,370
Foster Care	256,608	-	256,608
Prevention	14,336	-	14,336
Hype	723,010	-	723,010
Collaboration	935	-	935
Launchpads	181,357	-	181,357
Total program services	<u>1,224,616</u>	<u>-</u>	<u>1,224,616</u>
Supportive services:			
Administration	145,770	-	145,770
Fundraising	6,300	-	6,300
Total supportive services	<u>152,070</u>	<u>-</u>	<u>152,070</u>
Total expenses	<u>1,376,686</u>	<u>-</u>	<u>1,376,686</u>
Change in net assets	169,432	12,728	182,160
Net assets, beginning of period	<u>249,313</u>	<u>200,464</u>	<u>449,777</u>
Net assets, end of period	<u>\$ 418,745</u>	<u>\$ 213,192</u>	<u>\$ 631,937</u>

The accompanying notes are an integral part of these financial statements.

Freedom FWD  
DBA Freedom Forward  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Program Services							Supportive Services			Total
	Youth Leadership	Foster Care	Prevention	Hype	Collaboration	Launchpads	Subtotal	Admin-istration	Fundraising	Subtotal	
Expenses:											
Salaries and wages	\$ 5,141	\$ 137,223	\$ 4,686	\$ 285,255	\$ 664	\$ 96,149	\$ 529,118	\$ 89,031	\$ 3,941	\$ 92,972	\$ 622,090
Payroll taxes	449	11,288	393	23,540	54	7,704	43,428	7,228	338	7,566	50,994
Payroll benefits	819	18,939	382	43,877	119	14,609	78,745	19,167	783	19,950	98,695
Program contractors	40,831	36,342	6,500	16,661	-	1,280	101,614	-	-	-	101,614
Program outreach	-	24,502	1,073	564	-	6,269	32,408	-	-	-	32,408
Program supplies/other	365	6,935	72	34,403	-	25	41,800	-	-	-	41,800
Professional fees	-	-	-	8,399	-	2,475	10,874	15,095	-	15,095	25,969
In-kind professional fees	-	-	-	-	-	37,515	37,515	-	-	-	37,515
Rent and utilities	27	1,027	20	15,679	11	650	17,414	864	24	888	18,302
In-kind rent	585	15,113	514	256,406	78	10,561	283,257	9,903	446	10,349	293,606
Maintenance and repair	-	50	4	823	-	23	900	80	-	80	980
IT subscriptions and services	9	1,281	567	4,268	1	2,229	8,355	1,178	621	1,799	10,154
Office supplies	16	370	15	2,946	-	220	3,567	216	6	222	3,789
Computer hardware and equipment	-	-	-	7,237	-	-	7,237	868	-	868	8,105
In-kind supplies and equipment	52	1,157	62	17,050	-	157	18,478	528	-	528	19,006
Travel and meetings	5	653	5	1,718	2	172	2,555	113	(4)	109	2,664
Insurance	46	1,252	42	2,990	6	870	5,206	822	35	857	6,063
Other expenses	25	476	1	1,194	-	449	2,145	677	110	787	2,932
Total expenses	<u>\$ 48,370</u>	<u>\$ 256,608</u>	<u>\$ 14,336</u>	<u>\$ 723,010</u>	<u>\$ 935</u>	<u>\$ 181,357</u>	<u>\$ 1,224,616</u>	<u>\$ 145,770</u>	<u>\$ 6,300</u>	<u>\$ 152,070</u>	<u>\$ 1,376,686</u>

The accompanying notes are an integral part of these financial statements.

Freedom FWD  
 DBA Freedom Forward  
STATEMENT OF CASH FLOWS  
 For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 182,160
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Accounts receivable	26,202
Prepaid expenses	(36,672)
Accounts payable and accrued expenses	(12,945)
Accrued vacation	32,329
Net cash provided (used) by operating activities	191,074
Cash flows from investing activities:	
Acquisition of intangible assets	(41,472)
Net cash provided (used) by investing activities	(41,472)
Net increase (decrease) in cash during the year	149,602
Cash balance, beginning of period	82,865
Cash balance, end of period	\$ 232,467

The accompanying notes are an integral part of these financial statements.

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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 prevent the commercial sexual exploitation of youth in San Francisco by transforming the systems that too often contribute to their exploitation. Guided by the voices of youth, Freedom Forward pilots collaborative and replicable approaches to address these systemic failures, so that all youth have the opportunity to thrive.

B. Program Services

**HYPE** - In 2020, the Organization reached 187 youth through its 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 pandemic, the Organization transformed the space into a base station for care package assembly and distribution, and focused on connecting youth to services digitally. Additionally, the Organization surveyed 100 youth by text to understand challenges imposed by the COVID-19 pandemic, allowing them to be responsive and deliver requested resources, better understand COVID’s impact, and share results with the broader community.

**Foster Care** - In 2020, with the support of the city and state, the Organization continued to develop FAM (“Family and Me”), a new model of family-based foster care designed to meet the needs of youth impacted by or at risk of commercial sexual exploitation. FAM keeps youth in stable family homes in their communities, promotes permanent relationships with loved ones, and wraps everyone with professional support. FAM also builds in additional caregivers, who provide what grandmas and extended family often do outside the system, building a whole village of care for youth and everyone supporting them. FAM kicked off a recruitment campaign to recruit caregivers from the community and finalized its protocols and training curricula. Five youth began receiving services through the model, including partnering with them to identify long-term permanent, loving families.

**Launchpads** - Launchpads is an online rental platform that connects extended foster youth seeking housing with individuals who have extra space in their homes, for rentals significantly below market rate. Launchpads’ hosts are all vetted, trained, and approved by Freedom Forward. In 2020, the Organization officially partnered with the City and County of San Francisco’s Human Services Agency to utilize Launchpads for youth in San Francisco extended foster care. The Organization also surveyed 26 host home programs nationwide on their practices, successes, and challenges. The Organization built all program infrastructure - from policies and vetting processes, to training, to handbooks and partnerships - and developed the web-based Launchpads app where hosts and youth can easily and safely connect with one another. The Organization recruited its first 7 hosts, despite the pandemic.



Freedom FWD  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

**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 2020, five Forward Fellows graduated from the program's second cohort. Their final projects included research on youth who had experienced the sex trade, a focus group exploring decriminalization of sex work, a personal video advocating against the trafficking of other youth, a proposal for 24/7 wraparound services, and a song and music video about life on the streets.

**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. They presented the resource at the San Francisco Collaborative Against Human Trafficking's annual press conference to kick-off Human Trafficking Prevention Month. The Jasmine Strong movie reached over 46,000 views by the end of 2020.

**Collaboration** - The Organization continued to be a member of the San Francisco Collaborative Against Human Trafficking and to play a critical leadership role 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:

Freedom FWD  
DBA Freedom Forward  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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.

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. Contributions

Contributions to the Organization from private organizations and individuals are recognized as support when received.

F. 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.

G. 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.

H. 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.

Freedom FWD  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Concentrations of Risk

During the year ended December 31, 2020, support and revenue received from four sources, Department on the Status of Women, Tipping Point, and two individual donors totaled approximately 76% of total support and revenue. Reduction or loss of any of these sources of support would restrict the activities of the Organization

J. 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.

K. Donated Services and In-Kind

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.

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward.

L. In-Kind Rent

The Organization uses office space at 198 Potrero Avenue, San Francisco rent free from Dolby Family Ventures. The Organization estimates the fair value of the contributed rent and utilities, which it records as both a contribution and an expense, at \$24,467 per month for a total of \$293,606 for the year ended December 31, 2020.

M. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 25, 2021, the date the financial statements were available to be issued.

N. Implementation of Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standards on January 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Freedom FWD  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

N. Implementation of Accounting Pronouncements (concluded)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standards on January 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

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 effect 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, 2020. 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, 2020 are as follows:

First Republic Bank	\$ <u>232,467</u>
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The bank balances were insured under the \$250,000 blanket umbrella by the FDIC.

Freedom FWD  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020 is as follows:

Department on the Status of Women	\$ 227,934
Tipping Point	150,000
Total	<u>\$ 377,934</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 - INTANGIBLE ASSETS

Intangible assets as of December 31, 2020 are as follows:

LaunchPads Platform (in progress)	\$ 41,472
Less accumulated amortization	( )
Intangible assets, net	<u>\$ 41,472</u>

NOTE 7 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$40,453 as of December 31, 2020.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 were available for the following purposes:

	Beginning Balance	Contributions	Releases	Ending Balance
<b>Subject to Expenditure for Specified Purpose</b>				
Prevention (for Jasmine Strong)	\$ 8,077	\$ -	\$ (1,324)	\$ 6,753
LaunchPads	<u>192,387</u>	<u>150,000</u>	<u>(135,948)</u>	<u>206,439</u>
Total	<u>\$ 200,464</u>	<u>\$ 150,000</u>	<u>\$ (137,272)</u>	<u>\$ 213,192</u>

NOTE 9 - 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	\$ 232,467
Accounts receivable	<u>377,934</u>
Total financial assets	610,401
Donor-imposed restrictions	<u>(213,192)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 397,209</u>

Freedom FWD  
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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

NOTE 10 - 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 \$618,606 for the year ended December 31, 2020.

NOTE 11 - CONTINGENCY - 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, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations included 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.