
FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Financial Statements

For the years ended December 31, 2015 and 2014

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

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December 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors
Funders for Lesbian and Gay Issues, Inc.

Report on the financial statements

We have audited the accompanying financial statements of Funders for Lesbian and Gay Issues, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, functional expenses, and cash flows for the years 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 an opinion on these financial statements based on our audits. We conducted our audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Funders for Lesbian and Gay Issues, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NChing LLP

New York, New York
June 16, 2016

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statements of Financial Position**

December 31,

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ 382,871	\$ 272,898
Investments – Note 3	443,841	475,095
Grants receivable	622,879	130,663
Prepaid expenses	31,885	24,915
Fixed assets – Note 5	11,627	9,991
Other assets	<u>4,921</u>	<u>5,045</u>
Total assets	<u>\$ 1,498,024</u>	<u>\$ 918,607</u>
 <u>Liabilities and net assets</u>		
<u>Current liabilities</u>		
Accounts and accrued expenses payable	<u>\$ 11,118</u>	<u>\$ 19,791</u>
 <u>Net assets</u>		
Unrestricted:		
Operating fund	253,656	230,433
Reserve fund – Note 4	<u>450,000</u>	<u>450,000</u>
Total unrestricted	703,656	680,433
Temporarily restricted – Note 6	<u>783,250</u>	<u>218,383</u>
Total net assets	<u>1,486,906</u>	<u>898,816</u>
Total liabilities and net assets	<u>\$ 1,498,024</u>	<u>\$ 918,607</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statement of Activities and Change in Net Assets**

For the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Revenue and other support</u>			
Foundation grants	\$ 141,500	\$ 1,462,422	\$ 1,603,922
Foundation memberships	205,500	-	205,500
Individual membership	15,350	-	15,350
Program fees	83,264	-	83,264
Net investment (loss) – Note 3	(4,082)	-	(4,082)
Total revenue	441,532	1,462,422	1,903,954
Net assets released from restrictions – Note 6	897,555	(897,555)	-
Total revenue and other support	1,339,087	564,867	1,903,954
<u>Expenses</u>			
Program services	1,064,167	-	1,064,167
Supporting services			
Management and general	160,972	-	160,972
Fundraising	90,725	-	90,725
Total supporting services	251,697	-	251,697
Total expenses	1,315,864	-	1,315,864
Change in net assets	23,223	564,867	588,090
Net assets – beginning of year	680,433	218,383	898,816
Net assets – end of year	<u>\$ 703,656</u>	<u>\$ 783,250</u>	<u>\$ 1,486,906</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statement of Activities and Change in Net Assets**

For the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Revenue and other support</u>			
Foundation grants	\$ 238,500	\$ 468,825	\$ 707,325
Foundation memberships	122,750	-	122,750
Individual memberships	13,205	-	13,205
Program fees	54,250	-	54,250
Net investment income – Note 3	14,968	-	14,968
	<u>443,673</u>	<u>468,825</u>	<u>912,498</u>
Total revenue	443,673	468,825	912,498
Net assets released from restrictions – Note 6	691,942	(691,942)	-
	<u>1,135,615</u>	<u>(223,117)</u>	<u>912,498</u>
<u>Expenses</u>			
Program services	<u>871,031</u>	-	<u>871,031</u>
Supporting services			
Management and general	129,277	-	129,277
Fundraising	73,788	-	73,788
	<u>203,065</u>	<u>-</u>	<u>203,065</u>
Total supporting services	203,065	-	203,065
	<u>1,074,096</u>	<u>-</u>	<u>1,074,096</u>
Total expenses	1,074,096	-	1,074,096
Change in net assets	61,519	(223,117)	(161,598)
Net assets – beginning of year	618,914	441,500	1,060,414
	<u>\$ 680,433</u>	<u>\$ 218,383</u>	<u>\$ 898,816</u>
Net assets – end of year	\$ 680,433	\$ 218,383	\$ 898,816

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statement of Functional Expenses**

For the year ended December 31, 2015

	Program services	Supporting services		Total program and supporting services
	Philanthropy services	Management and general	Fund raising	
Salaries	\$ 424,549	\$ 61,753	\$ 54,033	\$ 540,335
Payroll taxes and benefits	125,166	19,026	16,021	160,213
Sub-total	549,715	80,779	70,054	700,548
Grants	28,750	-	-	28,750
Printing and design	40,134	3,167	3,167	46,468
Travel	97,683	5,470	730	103,883
Meetings and conferences	180,409	10,101	1,349	191,859
Professional and consulting fees	111,893	27,372	-	139,265
Occupancy	21,000	10,500	10,500	42,000
Office expenses	9,276	5,291	2,638	17,205
Telephone	13,791	950	950	15,691
Postage and mailing	10,310	1,289	1,288	12,887
Other	1,206	9,613	49	10,868
Total expenses before depreciation	1,064,167	154,532	90,725	1,309,424
Depreciation	-	6,440	-	6,440
Total expenses	<u>\$ 1,064,167</u>	<u>\$ 160,972</u>	<u>\$ 90,725</u>	<u>\$ 1,315,864</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statement of Functional Expenses**

For the year ended December 31, 2014

	Program services	Supporting services		Total program and supporting services
	Philanthropy services	Management and general	Fund raising	
Salaries	\$ 312,230	\$ 48,036	\$ 40,029	\$ 400,295
Payroll taxes and benefits	109,176	17,611	14,087	140,874
Sub-total	421,406	65,647	54,116	541,169
Grants	30,000	-	-	30,000
Printing and design	26,385	2,533	2,533	31,451
Travel	61,111	4,834	844	66,789
Meetings and conferences	119,450	9,450	1,648	130,548
Professional and consulting fees	166,888	14,462	-	181,350
Occupancy	22,070	11,035	11,035	44,140
Office expenses	9,564	9,645	2,438	21,647
Telephone	7,453	447	447	8,347
Postage and mailing	5,678	710	710	7,098
Other	1,026	6,321	17	7,364
Total expenses before depreciation	871,031	125,084	73,788	1,069,903
Depreciation	-	4,193	-	4,193
Total expenses	<u>\$ 871,031</u>	<u>\$ 129,277</u>	<u>\$ 73,788</u>	<u>\$ 1,074,096</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Statements of Cash Flows**

For the years ended December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 588,090	(\$ 161,598)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	6,440	4,193
Unrealized loss on investments	22,043	9,389
Change in grants receivable	(492,216)	293,596
Change in other assets	124	(1,725)
Change in prepaid expenses	(6,970)	(2,626)
Change in accounts and accrued expenses payable	(8,673)	(3,999)
Change in deferred revenue	<u>-</u>	<u>(6,651)</u>
Net cash provided by operating activities	<u>108,838</u>	<u>130,579</u>
Cash flows from investing activities		
Purchases of fixed assets	(8,076)	(7,002)
Proceeds (Losses) from investments	<u>9,211</u>	<u>(195,470)</u>
Net cash provided by/(used in) investing activities	<u>1,135</u>	<u>(202,472)</u>
Net increase (decrease) in cash	109,973	(71,893)
Cash balance beginning of year	<u>272,898</u>	<u>344,791</u>
Cash balance end of year	<u>\$ 382,871</u>	<u>\$ 272,898</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 Organization

Funders for Lesbian and Gay Issues, Inc. (“Funders,” doing business as “Funders for LGBTQ Issues”) was founded in 1982 to increase philanthropic resources to lesbian, gay, bisexual and transgender organizations, programs and projects. Funders seeks to mobilize philanthropic resources that enhance the well-being of lesbian, gay, bisexual, transgender and queer communities, promote equity and advance racial, economic and gender justice.

Funders for LGBTQ Issues accomplishes its goals through three core sets of activities:

- **Research:** Providing information, research, and resources related to LGBTQ grantmaking to identify gaps and opportunities for LGBTQ funding.
- **Convening:** Organizing conferences, briefings, and other convenings to connect funders and provide forums for them to share resources, identify strategies, and maximize the impact of their grantmaking.
- **Engaging:** Engaging and supporting funders new to LGBTQ grantmaking in order to expanding philanthropic resources for LGBTQ communities.

Funders is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 Summary of significant accounting policies

Accounting policies. The accompanying financial statements are prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Support. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Unconditional and conditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 Summary of significant accounting policies - (continued)

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, Funders reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Depreciation and amortization. Depreciation of furniture and equipment and amortization of capitalized improvements are provided for over the estimated useful lives of the respective assets or the life of the lease, whichever is shorter, on a straight-line basis.

Concentration of credit and market risk. Financial instruments that potentially expose Funders to concentration of credit and market risk consist primarily of cash. Accounts at financial institution are guaranteed by Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each bank. As of December 31, 2015 and 2014, Funders was exposed to credit risk in the amount of \$132,871 and \$22,898, respectively.

Net assets. The net assets of Funders and changes therein are classified and reported as follows:

Unrestricted - this class includes net assets resulting from unrestricted contributions and from other resources not subject to donor-imposed restrictions.

Temporarily restricted - this class includes net assets resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. When stipulations terminate or are fulfilled, the amounts involved are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Consists of assets whose use by Funders is subject to donor-imposed stipulations that the funds be maintained in perpetuity and only the interest earned from the investment of such funds may be released from restriction and used in Funders's operations. Funders had no permanently restricted net assets for the years ended December 31, 2015 and 2014.

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for accounts receivable or contributions receivable is necessary as of December 31, 2015 and 2014. Such estimate is based on management's assessment of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 Summary of significant accounting policies - (continued)

Functional allocation of expenses. The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Investments. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities. Realized and unrealized gains and losses allocated to unrestricted and temporarily restricted net assets are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors' restrictions.

Grant expenses. Contributions made and unconditional promises to give are recognized as expenses in the period made at their fair value. As of December 31, 2015 and 2014, Funders had grant expenses of \$28,750 and \$30,000 respectively.

Uncertainty in income taxes. Funders had no uncertain tax positions as of December 31, 2015, and 2014, in accordance with Accounting Standards Codification ("ASC") Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. Funders is not subject to federal or state and local income tax examinations by tax authorities for the year ended December 31, 2012 and prior years.

Subsequent events. Funders evaluated its December 31, 2015 financial statements for subsequent events through June 16, 2016, the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures.

Fair value measurement. Statement of Financial Standards ASC 820, Fair Value Measurements (ASC 820) defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes how to measure fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Notes to Financial Statements**

December 31, 2015 and 2014

Note 2 Summary of significant accounting policies - (continued)

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2015 and 2014, all investments were classified as Level 1 under ASC 820.

December 31, 2015

Description	Level 1	Level 2	Level 3
Marketable securities	\$ 443,841	\$ -	\$ -

December 31, 2014

Description	Level 1	Level 2	Level 3
Marketable securities	\$ 475,095	\$ -	\$ -

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 Investments

Investments, stated at fair value, as of December 31, 2015 are as follows:

	Cost	Fair value
Equity securities	\$ 113,074	\$ 113,765
Mutual funds	306,421	293,391
Cash	36,685	36,685
	<u>\$ 456,180</u>	<u>\$ 443,841</u>

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Notes to Financial Statements**

December 31, 2015 and 2014

Note 3 Investments - (continued)

Investments, stated at fair value, as of December 31, 2014 are as follows:

	<u>Cost</u>	<u>Fair value</u>
Equity securities	\$ 5,000	\$ 5,000
Mutual funds	351,728	354,838
Cash	<u>115,257</u>	<u>115,257</u>
	<u>\$ 471,985</u>	<u>\$ 475,095</u>

The investment returns which are all unrestricted consist of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 13,606	\$ 10,689
Net realized gain/(loss) on investments	<u>4,355</u>	<u>13,668</u>
Sub-total	17,961	24,357
Net unrealized (loss) on investments	(<u>22,043</u>)	(<u>9,389</u>)
Net	(<u>\$ 4,082</u>)	<u>\$ 14,968</u>

Note 4 Reserve fund

In 2002, a reserve fund was designated by the Board of Directors to provide long-term financial support for Funders. As of December 31, 2015 and 2014, total allocation to the reserve fund was \$450,000. Disbursements from the reserve fund are subject to authorization from the Executive Director and the Executive Committee.

Note 5 Fixed assets

Fixed assets. Fixed assets are recorded at their costs at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows.

Computer and software	3 years
Furniture and equipment	3 years

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Notes to Financial Statements**

December 31, 2015 and 2014

Note 5 Fixed assets - (continued)

Fixed assets and the related accumulated depreciation were as follows at December 31,

	<u>2015</u>	<u>2014</u>
Computer and software	\$ 35,814	\$ 29,478
Furniture and equipment	<u>7,628</u>	<u>5,888</u>
	43,442	35,366
Less: Accumulated Depreciation	<u>31,815</u>	<u>25,375</u>
Net	<u>\$ 11,627</u>	<u>\$ 9,991</u>

Note 6 Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2015 are available for the following purposes:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Purpose restricted				
Adam Queer Youth Initiative	\$ 59,500	\$ 6,750	\$ 33,000	\$ 33,250
Arcus Foundation	100,000	105,672	105,672	100,000
Astraea Lesbian Foundation for Justice	-	60,000	60,000	-
California Wellness Foundation	-	150,000	75,000	75,000
Johnson Family Foundation	-	20,000	20,000	-
Joint Affinity Groups	-	10,000	10,000	-
Robert Wood Johnson Foundation	18,883		18,883	-
Southern Project	-	705,000	285,000	420,000
Trans Project	-	100,000	100,000	-
Time restricted				
Ford Foundation	-	300,000	150,000	150,000
Others	<u>40,000</u>	<u>5,000</u>	<u>40,000</u>	<u>5,000</u>
Total	<u>\$ 218,383</u>	<u>\$ 1,462,422</u>	<u>\$ 897,555</u>	<u>\$ 783,250</u>

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**Notes to Financial Statements**

December 31, 2015 and 2014

Note 6 Temporarily restricted net assets - (continued)

Temporarily restricted net assets as of December 31, 2014 are available for the following purposes:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Purpose restricted				
Adam Queer Youth Initiative	\$ 17,500	\$ 75,000	\$ 33,000	\$ 59,500
Arcus Foundation	100,000	100,000	100,000	100,000
Ford Foundation	50,000	-	50,000	-
Funding Forward	14,000	5,000	19,000	-
Robert Wood Johnson Foundation	-	188,825	169,942	18,883
Southern Project	-	60,000	60,000	-
Time restricted				
Others	<u>260,000</u>	<u>40,000</u>	<u>260,000</u>	<u>40,000</u>
Total	<u>\$ 441,500</u>	<u>\$ 468,825</u>	<u>\$ 691,942</u>	<u>\$ 218,383</u>

Note 7 Pension plan

Funders sponsors a simplified employee pension plan that covers employees who have completed one year of service. Contribution to the plan is at the rate of eleven percent of employees' average salaries. As of December 31, 2015 and 2014, pension expense was \$31,299 and \$37,899, respectively.