
FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Financial Statements

For the years ended December 31, 2016 and 2015

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Financial Statements

December 31, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors of
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, 2016 and 2015 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, 2016 and 2015, 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
July 17, 2017

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

December 31,

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ 463,496	\$ 382,871
Investments – Note 3	365,779	443,841
Grants receivable	202,976	622,879
Prepaid expenses	60,855	31,885
Fixed assets – Note 5	14,239	11,627
Other assets	<u>5,256</u>	<u>4,921</u>
Total assets	<u>\$ 1,112,601</u>	<u>\$ 1,498,024</u>
 <u>Liabilities and net assets</u>		
Accounts and accrued expenses payable	<u>\$ 12,121</u>	<u>\$ 11,118</u>
 Net assets		
Unrestricted:		
Operating fund	182,530	253,656
Reserve fund – Note 4	<u>500,000</u>	<u>450,000</u>
Total unrestricted	682,530	703,656
Temporarily restricted – Note 6	<u>417,950</u>	<u>783,250</u>
Total net assets	<u>1,100,480</u>	<u>1,486,906</u>
Total liabilities and net assets	<u>\$ 1,112,601</u>	<u>\$ 1,498,024</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, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Revenue and other support</u>			
Foundation grants	\$ 80,000	\$ 1,073,190	\$ 1,153,190
Institutional memberships	184,050	-	184,050
Individual memberships	13,584	-	13,584
Program fees	70,953	-	70,953
Net investment income – Note 3	19,621	-	19,621
	<u>368,208</u>	<u>1,073,190</u>	<u>1,441,398</u>
Total revenue	368,208	1,073,190	1,441,398
Net assets released from restrictions – Note 6	<u>1,438,490</u>	<u>(1,438,490)</u>	<u>-</u>
	<u>1,806,698</u>	<u>(365,300)</u>	<u>1,441,398</u>
Total revenue and other support	<u>1,806,698</u>	<u>(365,300)</u>	<u>1,441,398</u>
<u>Expenses</u>			
Program services	<u>1,548,019</u>	-	<u>1,548,019</u>
Supporting services			
Management and general	173,408	-	173,408
Fundraising	<u>106,397</u>	-	<u>106,397</u>
	<u>279,805</u>	-	<u>279,805</u>
Total supporting services	<u>279,805</u>	-	<u>279,805</u>
	<u>1,827,824</u>	-	<u>1,827,824</u>
Total expenses	<u>1,827,824</u>	-	<u>1,827,824</u>
Change in net assets	(21,126)	(365,300)	(386,426)
Net assets – beginning of year	<u>703,656</u>	<u>783,250</u>	<u>1,486,906</u>
	<u>\$ 682,530</u>	<u>\$ 417,950</u>	<u>\$ 1,100,480</u>
Net assets – end of year	<u>\$ 682,530</u>	<u>\$ 417,950</u>	<u>\$ 1,100,480</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
Institutional memberships	205,500	-	205,500
Individual memberships	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	<u>897,555</u>	<u>(897,555)</u>	<u>-</u>
Total revenue and other support	<u>1,339,087</u>	<u>564,867</u>	<u>1,903,954</u>
<u>Expenses</u>			
Program services	<u>1,064,167</u>	-	<u>1,064,167</u>
Supporting services			
Management and general	160,972	-	160,972
Fundraising	<u>90,725</u>	-	<u>90,725</u>
Total supporting services	<u>251,697</u>	-	<u>251,697</u>
Total expenses	<u>1,315,864</u>	-	<u>1,315,864</u>
Change in net assets	23,223	564,867	588,090
Net assets – beginning of year	<u>680,433</u>	<u>218,383</u>	<u>898,816</u>
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 Functional Expenses**

For the year ended December 31, 2016

	Program services	Supporting services		Total program and supporting services
	Philanthropy services	Management and general	Fund raising	
Salaries	\$ 515,730	\$ 71,811	\$ 65,282	\$ 652,823
Payroll taxes and benefits	156,999	22,688	19,965	199,652
Sub-total	672,729	94,499	85,247	852,475
Grants	466,300	-	-	466,300
Printing and design	40,182	3,603	3,602	47,387
Travel	84,502	15,198	-	99,700
Meetings and conferences	111,565	-	1,642	113,207
Professional and consulting fees	117,659	20,900	-	138,559
Occupancy	21,000	10,500	10,500	42,000
Office expenses	13,475	7,983	3,808	25,266
Telephone	13,310	939	938	15,187
Postage and mailing	5,145	643	643	6,431
Other	2,152	10,916	17	13,085
Total expenses before depreciation	1,548,019	165,181	106,397	1,819,597
Depreciation	-	8,227	-	8,227
Total expenses	<u>\$ 1,548,019</u>	<u>\$ 173,408</u>	<u>\$ 106,397</u>	<u>\$ 1,827,824</u>

See notes to financial statements.

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

For the year ended December 31, 2015

	<u>Program services</u>	<u>Supporting services</u>		Total program and supporting services
	<u>Philanthropy services</u>	<u>Management and general</u>	<u>Fund raising</u>	
Salaries	\$ 424,549	\$ 61,753	\$ 54,033	\$ 540,335
Payroll taxes and benefits	<u>125,166</u>	<u>19,026</u>	<u>16,021</u>	<u>160,213</u>
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	<u>1,206</u>	<u>9,613</u>	<u>49</u>	<u>10,868</u>
Total expenses before depreciation	1,064,167	154,532	90,725	1,309,424
Depreciation	<u>-</u>	<u>6,440</u>	<u>-</u>	<u>6,440</u>
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.**Statements of Cash Flows**

For the years ended December 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	(\$ 386,426)	\$ 588,090
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,227	6,440
Unrealized (gain)/loss on investments	(11,991)	22,043
Change in grants receivable	419,903	(492,216)
Change in other assets	(335)	124
Change in prepaid expenses	(28,970)	(6,970)
Change in accounts and accrued expenses payable	(5,306)	(8,673)
Change in deferred revenue	<u>6,309</u>	<u>-</u>
Net cash provided by operating activities	<u>1,411</u>	<u>108,838</u>
Cash flows from investing activities		
Purchases of fixed assets	(10,839)	(8,076)
Proceeds from investments	<u>90,053</u>	<u>9,211</u>
Net cash provided by investing activities	<u>79,214</u>	<u>1,135</u>
Net increase in cash	80,625	109,973
Cash balance beginning of year	<u>382,871</u>	<u>272,898</u>
Cash balance end of year	<u>\$ 463,496</u>	<u>\$ 382,871</u>

See notes to financial statements.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 1 Organization

Funders for Lesbian and Gay Issues, Inc. (“Funders,” doing business as “Funders for LGBTQ Issues”) works to increase the scale and impact of philanthropic resources aimed at enhancing the well-being of lesbian, gay, bisexual, transgender and queer communities, promoting equity, and advancing racial, economic and gender justice.

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

- **Research:** Funders for LGBTQ issues has a long history of reporting on LGBTQ grantmaking by both U.S. foundations and international institutions. We produce an annual tracking report and other special reports to monitor the character of LGBTQ funding and identify trends, gaps, and opportunities. Our reports on domestic and global LGBTQ funding are considered the field’s most reliable and useful source of data on resource flows to LGBTQ communities. Our reports have been cited by academic journals, think tanks, non-governmental organizations, government agencies, newspapers, blogs, and other media.
- **Training and Support Services:** Funders for LGBTQ Issues provides individualized training and advising for funders new to LGBTQ issues. We collaborate with funders to help them identify how LGBTQ issues intersect with a range of grantmaking priorities. We connect with allies in foundations not yet funding LGBTQ issues and support them in building institutions that are more inclusive and responsive to LGBTQ communities.
- **Convening and Collective Action:** Funders for LGBTQ Issues regularly convenes grantmakers committed to LGBTQ issues so that they may connect with one another, learn from each other, coordinate their efforts, and maximize their impact. We host working groups and initiatives on specific topics to help funders shape funding strategies and leverage opportunities for new philanthropic partnerships. Through participation in other philanthropic conferences and partnerships with other funder networks, we also broaden our reach and ensure LGBTQ voices are present in vital funding conversations.

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

Note 2 Summary of significant accounting policies

Basis of presentation. The financial statements of Funders have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation. The financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to three classes of net assets depending on the existence and/or nature of any donor restrictions as follows: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 2 Summary of significant accounting policies - (continued)

Unrestricted net assets consist of unrestricted contributions and other resources not subject to donor-imposed restrictions.

Temporarily restricted net assets consist of contributions and other inflow of assets whose use by the recipient is limited by donor-imposed stipulation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets consist of net assets that are limited by donors for investment in perpetuity.

Fixed assets. Furniture and equipment and amortization of capitalized improvements are stated at cost, less accumulated depreciation or amortization computed on the straight-line method. Furniture and equipment is depreciated over their estimated useful lives of 3 years.

Revenue recognition. 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.

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.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 2 Summary of significant accounting policies - (continued)

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, 2016 and 2015. 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.

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Concentration of credit and market risk. Financial instruments, which potentially subject Funders to concentrations of credit risk consist primarily of cash. Funders maintains cash in bank deposits which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2016 and 2015, Funders' cash balance exceeded the current insured amount under FDIC by approximately \$213,496 and \$132,871, respectively. Funders has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Income taxes. Funders is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Funders has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. Funders does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by the taxing authorities.

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, 2016 and 2015, Funders had grant expenses of \$466,300 and \$28,750 respectively.

Investments. Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges.

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

December 31, 2016 and 2015

Note 3 Investments and investment income

The fair value of investment as of December 31, 2016 and 2015 are as follows:

	<u>Total</u>	<u>Quoted prices in active markets Level 1</u>
Recurring fair value measurements		
Fair value measurements at December 31, 2016		
Cash	\$ 9,179	\$ 9,179
Equity securities:		
Common stock	78,500	78,500
U.S. large-cap blend	23,218	23,218
U.S. large-cap growth	<u>10,663</u>	<u>10,663</u>
	<u>112,381</u>	<u>112,381</u>
Mutual funds:		
U.S. large-cap growth	22,675	22,675
Foreign large-cap growth	9,624	9,624
Non-traditional bond	50,975	50,975
Intermediate-term bond	150,415	150,415
Long-short credit	10,326	10,326
World bond	<u>204</u>	<u>204</u>
Total investments	<u>\$ 365,779</u>	<u>\$ 365,779</u>

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

December 31, 2016 and 2015

Note 3 Investments and investment income – (continued)

	<u>Total</u>	<u>Quoted prices in active markets Level 1</u>
Recurring fair value measurements		
Fair value measurements at December 31, 2015		
Cash	\$ 36,685	\$ 36,685
Equity securities:		
Common stock	73,160	73,160
U.S. large-cap blend	30,538	30,538
U.S. large-cap growth	<u>10,067</u>	<u>10,067</u>
	<u>113,765</u>	<u>113,765</u>
Mutual funds:		
Foreign large-cap growth	13,625	13,625
Non-traditional bond	58,989	58,989
Intermediate-term bond	171,419	171,419
Long-short credit	49,167	49,167
World bond	<u>191</u>	<u>191</u>
Total investments	<u>\$ 443,841</u>	<u>\$ 443,841</u>
Net investment income/(loss) consist of:		
	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 11,498	\$ 13,606
Realized (loss)/gains	(3,868)	4,355
Unrealized gain/(loss)	<u>11,991</u>	<u>(22,043)</u>
Total investment income/(loss)	<u>\$ 19,621</u>	<u>(\$ 4,082)</u>

Note 4 Reserve fund

In 2002, a reserve fund was designated by the Board of Directors to assure long-term financial sustainability of the organization. During 2016, an additional \$50,000 was transferred from the operating fund to the reserve fund. As of December 31, 2016 and 2015, total allocation to the reserve fund was \$500,000 and \$450,000. Disbursements from the reserve fund are subject to authorization from the Board of Directors.

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

December 31, 2016 and 2015

Note 5 Fixed assets

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

	<u>2016</u>	<u>2015</u>
Computer and software	\$ 45,331	\$ 35,814
Furniture and equipment	<u>8,950</u>	<u>7,628</u>
	54,281	43,442
Less: Accumulated Depreciation	<u>40,042</u>	<u>31,815</u>
Net	<u>\$ 14,239</u>	<u>\$ 11,627</u>

Note 6 Temporarily restricted net assets

The changes in temporarily restricted net assets as of December 31, 2016 are as follows:

	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
Adam Queer Youth Initiative	\$ 33,250	\$ -	\$ 12,500	\$ 20,750
Funding Forward	-	120,500	54,500	66,000
Health Project	75,000	-	75,000	-
Out in the South Initiative	420,000	585,000	713,800	291,200
Trans Project	-	85,000	85,000	-
Small Project Grants	-	40,190	40,190	-
General support (time restricted)	<u>255,000</u>	<u>242,500</u>	<u>457,500</u>	<u>40,000</u>
Total	<u>\$ 783,250</u>	<u>\$ 1,073,190</u>	<u>\$ 1,438,490</u>	<u>\$ 417,950</u>

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

December 31, 2016 and 2015

Note 6 Temporarily restricted net assets - (continued)

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>
Adam Queer Youth Initiative	\$ 59,500	\$ 6,750	\$ 33,000	\$ 33,250
Capacity Building Project	-	20,000	20,000	-
Global Tracking Report	-	60,000	60,000	-
Health Project	18,883	150,000	93,883	75,000
Out in the South Initiative	-	705,000	285,000	420,000
Trans Project	-	100,000	100,000	-
Small Project Grants	-	10,000	10,000	-
General support (time restricted)	<u>140,000</u>	<u>410,672</u>	<u>295,672</u>	<u>255,000</u>
Total	<u>\$ 218,383</u>	<u>\$ 1,462,422</u>	<u>\$ 897,555</u>	<u>\$ 783,250</u>

Note 7 Employee benefit plan

Funders for LGBTQ Issues has a defined contribution 401(k) plan (“the Plan”) covering all eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Funders for LGBTQ Issues matches all enrolled employees annual contributions up to 4%. In addition, Funders for LGBTQ Issues has a “Safe Harbor” plan. This plan requires the organization to make an annual, automatic contribution to all employees eligible for the contribution regardless of whether the employee has contributed to the plan. That contribution is equal to 4% of the total employee’s compensation for that quarter and is made at the end of every quarter. Employer contributions amounted to \$27,482 and \$40,243 for the years ended December 31, 2016 and 2015, respectively.

Note 8 Subsequent events

Funders has evaluated events and transactions for potential recognition or disclosure through July 17, 2017, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures.