
FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Financial Statements

For the years ended December 31, 2020 and 2019

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Financial Statements

December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors of
Funders for Lesbian and Gay Issues, Inc.
(DBA Funders for LGBTQ Issues)

Report on the financial statements

We have audited the accompanying financial statements of Funders for Lesbian and Gay Issues, Inc. (DBA Funders for LGBTQ Issues) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 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.

Auditors' 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. (DBA Funders for LGBTQ Issues) as of December 31, 2020 and 2019, 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.

A handwritten signature in blue ink that reads "NCheng LLP". The signature is written in a cursive, slightly slanted style.

New York, New York
August 20, 2021

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**(DBA FUNDERS FOR LGBTQ ISSUES)****Statements of Financial Position**

As of December 31,

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 607,800	\$ 280,084
Investments – Note 4	740,535	570,811
Grants receivable, net – Note 6	897,397	922,731
Prepaid expenses	44,451	46,983
Fixed assets, net – Note 7	-	2,246
Other assets	<u>10,199</u>	<u>5,908</u>
Total assets	<u>\$ 2,300,382</u>	<u>\$ 1,828,763</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 126,417	\$ 30,492
PPP Loan payable – Note 11	196,400	-
Deferred revenue	<u>-</u>	<u>7,100</u>
Total liabilities	<u>322,817</u>	<u>37,592</u>
<u>Net assets</u>		
Without donor restrictions:		
Operating fund	412,730	223,707
Reserve fund – Note 5	<u>650,000</u>	<u>550,000</u>
Total net assets without donor restrictions	1,062,730	773,707
With donor restrictions – Note 8	<u>914,835</u>	<u>1,017,464</u>
Total net assets	<u>1,977,565</u>	<u>1,791,171</u>
Total liabilities and net assets	<u>\$ 2,300,382</u>	<u>\$ 1,828,763</u>

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Statement of Activities

For the year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
<u>Revenue and support</u>			
Foundation grants	\$ -	\$ 2,332,371	\$ 2,332,371
Institutional memberships	467,050	-	467,050
Individual memberships and donations	18,263	-	18,263
Program fees	86,459	-	86,459
Investment income, net – Note 4	74,154	-	74,154
	<u>645,926</u>	<u>2,332,371</u>	<u>2,978,297</u>
Total revenue	645,926	2,332,371	2,978,297
Net assets released from restrictions – Note 8	<u>2,435,000</u>	<u>(2,435,000)</u>	<u>-</u>
Total revenue and support	<u>3,080,926</u>	<u>(102,629)</u>	<u>2,978,297</u>
<u>Expenses</u>			
<u>Program services</u>			
Out in the South initiative	1,015,633		1,015,633
Other philanthropic programs and services	<u>1,261,517</u>		<u>1,261,517</u>
Total program services	<u>2,277,150</u>		<u>2,277,150</u>
<u>Supporting services</u>			
Management and general	302,621		302,621
Fundraising	<u>212,132</u>		<u>212,132</u>
Total supporting services	<u>514,753</u>		<u>514,753</u>
Total program and supporting services expenses	<u>2,791,903</u>		<u>2,791,903</u>
Change in net assets	289,023	(102,629)	186,394
Net assets, beginning of year	<u>773,707</u>	<u>1,017,464</u>	<u>1,791,171</u>
Net assets, end of year	<u>\$ 1,062,730</u>	<u>\$ 914,835</u>	<u>\$ 1,977,565</u>

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Statement of Activities

For the year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
<u>Revenue and support</u>			
Foundation grants	\$ -	\$ 1,472,808	\$ 1,472,808
Institutional memberships	413,250	-	413,250
Individual memberships and donations	17,379	-	17,379
Program fees	94,169	-	94,169
Investment income, net – Note 4	79,577	-	79,577
Total revenue	604,375	1,472,808	2,077,183
Net assets released from restrictions – Note 8	2,079,995	(2,079,995)	-
Total revenue and support	2,684,370	(607,187)	2,077,183
<u>Expenses</u>			
Program services			
Out in the South initiative	803,048		803,048
Other philanthropic programs and services	1,326,493		1,326,493
Total program services	2,129,541		2,129,541
Supporting services			
Management and general	270,013		270,013
Fundraising	195,688		195,688
Total supporting services	465,701		465,701
Total program and supporting services expenses	2,595,242		2,595,242
Change in net assets	89,128	(607,187)	(518,059)
Net assets, beginning of year	684,579	1,624,651	2,309,230
Net assets, end of year	\$ 773,707	\$ 1,017,464	\$ 1,791,171

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Statement of Functional Expenses

For the year ended December 31, 2020

	<u>Program services</u>			<u>Supporting services</u>		Total program and supporting services
	Out in the South Initiative	Other philanthropic programs and services	Total program services	Management and general	Fund-raising	
Salaries	\$ 238,266	\$ 600,131	\$ 838,397	\$ 174,449	\$ 132,790	\$ 1,145,636
Payroll taxes and benefits	78,390	209,034	287,424	59,805	45,524	392,753
Total personnel costs	316,656	809,165	1,125,821	234,254	178,314	1,538,389
Grants	689,000	-	689,000	-	-	689,000
Printing and design	599	12,816	13,415	-	-	13,415
Travel	3,152	28,878	32,030	-	-	32,030
Meetings and conferences	1,078	70,796	71,874	729	600	73,203
Professional/consulting fees	2,125	245,048	247,173	49,503	18,757	315,433
Occupancy	1,027	46,256	47,283	9,838	7,488	64,609
Office expenses	152	18,710	18,862	2,871	2,210	23,943
Telephone	150	10,804	10,954	1,846	1,422	14,222
Postage and mailing	1,694	837	2,531	386	351	3,268
Other	-	16,578	16,578	2,844	2,723	22,145
Total expenses before depreciation	1,015,633	1,259,888	2,275,521	302,271	211,865	2,789,657
Depreciation	-	1,629	1,629	350	267	2,246
Total expenses	<u>\$ 1,015,633</u>	<u>\$ 1,261,517</u>	<u>\$ 2,277,150</u>	<u>\$ 302,621</u>	<u>\$ 212,132</u>	<u>\$ 2,791,903</u>

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.
(DBA FUNDERS FOR LGBTQ ISSUES)

Statement of Functional Expenses

For the year ended December 31, 2019

	<u>Program services</u>			<u>Supporting services</u>		Total program and supporting services
	Out in the South Initiative	Other philanthropic programs and services	Total program services	Management and general	Fund-raising	
Salaries	\$ 227,889	\$ 534,751	\$ 762,640	\$ 158,685	\$ 120,791	\$ 1,042,116
Payroll taxes and benefits	66,815	168,637	235,452	48,989	37,292	321,733
Total personnel costs	294,704	703,388	998,092	207,674	158,083	1,363,849
Grants	412,500	-	412,500	-	-	412,500
Printing and design	598	48,631	49,229	1,540	1,231	52,000
Travel	36,399	116,694	153,093	4,070	3,444	160,607
Meetings and conferences	20,876	171,927	192,803	3,973	4,262	201,038
Professional/consulting fees	32,434	169,283	201,717	32,382	11,542	245,641
Occupancy	1,027	44,763	45,790	9,410	7,527	62,727
Office expenses	1,562	17,442	19,004	3,803	3,041	25,848
Telephone	1,254	14,901	16,155	3,320	2,655	22,130
Postage and mailing	1,694	9,708	11,402	355	640	12,397
Other	-	25,160	25,160	2,542	2,507	30,209
Total expenses before depreciation	803,048	1,321,897	2,124,945	269,069	194,932	2,588,946
Depreciation	-	4,596	4,596	944	756	6,296
Total expenses	<u>\$ 803,048</u>	<u>\$ 1,326,493</u>	<u>\$ 2,129,541</u>	<u>\$ 270,013</u>	<u>\$ 195,688</u>	<u>\$ 2,595,242</u>

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**(DBA FUNDERS FOR LGBTQ ISSUES)****Statements of Cash Flows**

For the years ended December 31,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 186,394	\$ (518,059)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,246	6,296
Realized and unrealized gains on investments	(54,889)	(68,609)
Change in grants receivable	25,334	742,648
Change in prepaid expenses	2,532	(12,070)
Change in other assets	(4,291)	(3,700)
Change in accounts and accrued expenses payable	95,925	(1,543)
Change in deferred revenue	(7,100)	1,750
Net cash provided by operating activities	<u>246,151</u>	<u>146,713</u>
Cash flows from investing activities		
Sales of investments	110,590	1,031,387
Purchases of investments including income reinvestment	(225,425)	(930,840)
Net cash (used in)/provided by investing activities	<u>(114,835)</u>	<u>100,547</u>
Cash flows from financing activities		
Proceeds from PPP loan	196,400	-
Net cash provided by financing activities	<u>196,400</u>	<u>-</u>
Net increase in cash	327,716	247,260
Cash, beginning of year	280,084	32,824
Cash, end of year	<u>\$ 607,800</u>	<u>\$ 280,084</u>

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

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 1 Organization

Funders for Lesbian and Gay Issues, Inc. (“Funders,” doing business as “Funders for LGBTQ Issues”) was established 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:** 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:** 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 for LGBTQ Issues 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 for LGBTQ Issues have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Reclassifications. Certain accounts in the prior year’s financial statements have been reclassified for comparative purposes to conform with the presentation in the current year’s financials. These reclassifications have no effect on the changes in net assets.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Financial statement presentation. Funders for LGBTQ Issues reports information regarding its financial position and activities according to the following net asset classifications:

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 board of directors has designated an operating reserve from net assets without donor restrictions.

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 Funders for LGBTQ Issues or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue recognition. Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded as net assets with donor restrictions or without donor restrictions when received, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

Unconditional 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 a 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.

Revenue from non-exchange transactions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations. Funders for LGBTQ Issues receives grants that are primarily conditional non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred grant revenue.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Cash and cash equivalents. Cash consists of cash on deposit with bank. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Investments. Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income or loss, net of any investment fees in the statements of activities.

Fair value measurements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the least priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Funders for LGBTQ Issues has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for grants or contributions receivable is necessary as of December 31, 2020 and 2019. 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.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Fixed assets. Computers, furniture and equipment are stated at cost, less accumulated depreciation computed on the straight-line method. Computers, furniture and equipment are depreciated over their estimated useful lives of 3 years.

Functional allocation of expenses. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salary and benefits	Time and effort
Travel	By specific program; then by time and effort
Meetings and conferences	By specific program; then by time and effort
Professional fees	By specific program; then by time and effort

Concentration of credit and market risk. Financial instruments, which potentially subject Funders for LGBTQ Issues to concentrations of credit risk consist primarily of cash. Funders for LGBTQ Issues 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, 2020, Funders for LGBTQ Issues' cash balance exceeded the current insured amount under FDIC. Funders for LGBTQ Issues has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Grant expenses. Grants made and unconditional promises to give are recognized as expenses in the period at their fair value. As of December 31, 2020 and 2019, Funders for LGBTQ Issues had grant expenses of \$689,000 and \$412,500, respectively.

Income taxes. Funders for LGBTQ Issues is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. Management does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2017 and subsequent remain subject to examination by the taxing authorities.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Recently adopted accounting pronouncements.

- **Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).** 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 update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether Funders for LGBTQ Issues follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient. The ASU has been adopted for the year ended December 31, 2020 for all periods presented. There was no significant impact on the financial statements.
- **Revenue from Contracts with Customers (Topic 606).** In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2020-05, which deferred the effective date for Funders for LGBTQ Issues until annual periods beginning after December 15, 2019. This ASU is required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Funders for LGBTQ Issues adopted ASC 606 and all related amendments using the modified retrospective transition method. Funders for LGBTQ Issues concluded that the adoption of the new standard did not require an adjustment to the opening net assets balance as there was no significant impact on the financial statements.

Operating risk. The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the corona virus and around the imposition or relaxation of protective measures, Funders for LGBTQ Issues cannot reasonably estimate the impact to future results of operations.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**(DBA FUNDERS FOR LGBTQ ISSUES)****Notes to the Financial Statements**

December 31, 2020 and 2019

Note 3 Availability and liquidity

The following represents Funders for LGBTQ Issues financial assets at December 31 :

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 607,800	\$ 280,084
Grants and other receivables	897,397	922,731
Investments	<u>740,535</u>	<u>570,811</u>
Total financial assets	<u>2,245,732</u>	<u>1,773,626</u>
Less: Net assets with donor restrictions	<u>(914,835)</u>	<u>(1,017,464)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,330,897</u>	<u>\$ 756,162</u>

Funders for LGBTQ Issues has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Excess cash is invested in short-term investments, including money market accounts and other marketable securities. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Funders for LGBTQ Issues' goal is to maintain available financial assets sufficient to meeting 180 days of general operating expenses. General operating expenses average \$100,000 per month. To meet obligations and cash liquidity needs, Funders for LGBTQ Issues may borrow from the board designated reserve fund with the approval of the Executive Committee.

Note 4 Investments

Investment in common stock, mutual funds and ETFs are measured using Level 1 inputs, which is defined as those that are the quoted prices in active markets for identical assets. The following summarizes the composition of investments:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 5,137	\$ 5,137	\$ 4,569	\$ 4,569
Equities – common stock	123,745	164,013	110,973	154,064
Equities – ETFs	21,147	34,934	21,147	28,384
Equities – mutual funds	156,219	189,984	135,152	148,344
Fixed income - EFTs	19,953	20,169		
Fixed income – mutual funds	274,007	280,394	212,129	211,534
Non-traditional – mutual funds	25,795	26,577	15,642	15,709
Commodities – ETFs	<u>17,526</u>	<u>19,327</u>	<u>8,354</u>	<u>8,207</u>
	<u>\$ 643,529</u>	<u>\$ 740,535</u>	<u>\$ 507,966</u>	<u>\$ 570,811</u>

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**(DBA FUNDERS FOR LGBTQ ISSUES)****Notes to the Financial Statements**

December 31, 2020 and 2019

Note 4 Investments – (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 24,008	\$ 14,529
Realized gains	16,395	8,243
Unrealized gains/(losses)	38,494	60,366
Investment fees	<u>(4,743)</u>	<u>(3,561)</u>
Net investment income/(loss)	<u>\$ 74,154</u>	<u>\$ 79,577</u>

Note 5 Reserve fund

A reserve fund was designated by the Board of Directors in 2002 to assure long-term financial sustainability of the organization. During 2020, an additional \$100,000 was transferred from the operating fund to the reserve fund. As of December 31, 2020 and 2019, reserve fund balances were \$650,000 and \$550,000, respectively. Disbursements from the reserve fund are subject to authorization from the Executive Committee.

Note 6 Grants receivable

Grants receivable are recorded as support when pledged unless designated otherwise. All grants are deemed fully collectible. Accordingly, no allowance for uncollectible contributions has been recorded as of December 31, 2020 and 2019. For multiyear grants received, discount rates of 0.36% for 2020 and 2.25% for 2019 were used to calculate the present value of these grants. Grants are expected to be realized in the following periods:

	<u>2020</u>	<u>2019</u>
In one year or less	\$ 780,038	\$ 917,743
One to two years	120,000	15,000
Less: discount	<u>(2,641)</u>	<u>(10,012)</u>
	<u>\$ 897,397</u>	<u>\$ 922,731</u>

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.**(DBA FUNDERS FOR LGBTQ ISSUES)****Notes to the Financial Statements**

December 31, 2020 and 2019

Note 7 Fixed assets

Fixed assets are as follows:

	<u>2020</u>	<u>2019</u>
Computers and software	\$ 58,801	\$ 58,801
Furniture and equipment	<u>8,950</u>	<u>8,950</u>
Total	67,751	67,751
Less: accumulated depreciation	<u>(67,751)</u>	<u>(65,505)</u>
Fixed assets, net	<u>\$ -</u>	<u>\$ 2,246</u>

Note 8 Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2020 consist of the following:

	Beginning balances	Additions	Releases	Ending balances
Global Resources Report	\$ 17,500	\$ -	\$ (17,500)	\$ -
Funding Forward	45,000	50,500	(90,500)	5,000
Out in the South Initiative	446,565	1,018,411	(1,035,000)	429,976
Grantmakers United for Trans Communities Initiative	10,000	247,000	(187,000)	70,000
Small Project Grants	5,000	155,000	(127,500)	32,500
General support (time restricted)	493,399	861,460	(977,500)	377,359
Total	<u>\$ 1,017,464</u>	<u>\$ 2,332,371</u>	<u>\$ (2,435,000)</u>	<u>\$ 914,835</u>

Net assets with donor restrictions as of December 31, 2019 consist of the following:

	Beginning balances	Additions	Releases	Ending balances
Global Resources Report	\$ -	\$ 35,000	\$ (17,500)	\$ 17,500
State Funders Working Group	-	50,000	(50,000)	-
Funding Forward	65,000	95,000	(115,000)	45,000
Out in the South Initiative	649,412	600,201	(803,048)	446,565
Grantmakers United for Trans Communities Initiative	48,267	138,733	(177,000)	10,000
Small Project Grants	10,000	51,447	(56,447)	5,000
General support (time restricted)	851,972	502,427	(861,000)	493,399
Total	<u>\$ 1,624,651</u>	<u>\$ 1,472,808</u>	<u>\$ (2,079,995)</u>	<u>\$ 1,017,464</u>

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 9 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 2%. 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. The contribution is equal to 4% of the total employee’s compensation for the quarter and is made at the end of every quarter. Employer contributions amounted to \$67,440 and \$59,840 for the years ended December 31, 2020 and 2019, respectively.

Note 10 Operating lease

Funders for LGBTQ Issues occupies an office in New York City at 45 West 36th Street under a non-cancellable operating lease expiring on December 31, 2021. Rental expenses for the years ended December 31, 2020 and 2019 was \$64,609 and \$62,727, respectively.

Future minimum annual lease obligations are:

<u>Year ending December 31,</u>	
2021	\$ 66,547
Total	<u>\$ 66,547</u>

Note 11 PPP Loan payable

During 2020, the federal government established the Paycheck Protection Program (“PPP”), administered by the Small Business Administration to provide relief to nonprofits and other small businesses with certain qualified business expenses pursuant to the Coronavirus Aid Relief and Economic Security Act (“CARES Act”). In May 2020, Funders for LGBTQ Issues obtained a \$196,400 loan under the PPP. The loan accrues interest at 1% per annum and matures on May 4, 2022. Payments are not required for the first six months after the funding of the loan. The loan is uncollateralized and may be forgiven if certain requirements are met.

On January 1, 2021, the PPP loan was officially forgiven in the full amount of \$196,400.

FUNDERS FOR LESBIAN AND GAY ISSUES, INC.

(DBA FUNDERS FOR LGBTQ ISSUES)

Notes to the Financial Statements

December 31, 2020 and 2019

Note 12 Subsequent events

Funders for LGBTQ Issues has evaluated events and transactions for potential recognition or disclosure through August 20, 2021, which is the date the financial statements were available to be issued and has concluded that except as set forth below, no subsequent events occurred requiring adjustment to or disclosure in the financial statements.

In February 2021, Funders for LGBTQ Issues obtained the second \$196,400 loan under the Paycheck Protection Program (“PPP”). The loan accrues interest at 1% and matures on February 12, 2026. Payments begin in 12 months after the funding of the loan. Funders for LGBTQ Issues are eligible for loan forgiveness up to 100% of the loan upon meeting specific requirements. The loan is guaranteed in full by the Federal government.

As a result of the Consolidated Appropriations Act of 2021, Funders for LGBTQ Issues became eligible for the Employee Retention Credits (“ERC”), previously unavailable to recipients of the PPP funding. ERC are refundable payroll tax credits on qualified wages paid by employers provided certain thresholds and requirements are met. ERC was made available retroactively to 2020. Funders for LGBTQ Issues met the threshold for the first and second quarters of 2020 and the first and second quarters of 2021. The total credits amounted to a total of \$181,506. Funders for LGBTQ Issues partially received these funds from the Internal Revenue Service in 2021.

During 2021, Funders for LGBTQ Issues was awarded a \$3,000,000 grant for general and operating support. The immediate impact was the doubling of the operating budget for the organization. The board of directors, under the leadership of the finance committee, determined that these funds will be held in organizational investments and will be released based on the priorities decided on at the conclusion of the 2022 strategic planning process.

The organization is ending its current strategic plan and evaluating associated performing metrics. As with all the organizational strategic plans, a budget accompanies the plan objectives. Currently, the organization is not dependent the \$3,000,000 grant to support operating funds as the organization works with a balance of resilience and efficiency through scenario envisioning and budget monitoring.