

**Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)**

**Financial Statements
and Independent Auditor's Report**

December 31, 2023 and 2022

Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues)'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

CohnReznick LLP

Los Angeles, California
October 3, 2024

**Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)**

**Statements of Financial Position
December 31, 2023 and 2022**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 666,889	\$ 985,891
Investments	3,608,752	3,701,870
Contributions and grants receivable, net	476,950	1,002,000
Other assets	1,736	1,736
	<u>4,754,327</u>	<u>5,691,497</u>
Total assets	<u>\$ 4,754,327</u>	<u>\$ 5,691,497</u>
	<u>Liabilities and Net Assets</u>	
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 265,537	\$ 270,110
Refundable advance	180,000	-
	<u>445,537</u>	<u>270,110</u>
Total liabilities	<u>445,537</u>	<u>270,110</u>
Net assets		
Without donor restrictions		
Operating fund	1,746,956	1,907,974
Reserve fund	1,550,000	1,550,000
	<u>3,296,956</u>	<u>3,457,974</u>
With donor restrictions	1,011,834	1,963,413
	<u>4,308,790</u>	<u>5,421,387</u>
Total net assets	<u>4,308,790</u>	<u>5,421,387</u>
Total liabilities and net assets	<u>\$ 4,754,327</u>	<u>\$ 5,691,497</u>

See Notes to Financial Statements.

Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)

Statement of Activities
Year Ended December 31, 2023

	2023		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Foundation grants	\$ 426,450	\$ 1,849,007	\$ 2,275,457
Institutional memberships	628,250	-	628,250
Individual memberships and donations	3,635	-	3,635
Program fees	191,500	-	191,500
Investment income, net	414,471	-	414,471
Net assets released from restrictions	2,800,586	(2,800,586)	-
	<u>4,464,892</u>	<u>(951,579)</u>	<u>3,513,313</u>
Total support and revenue			
Expenses			
Program services			
Out in the South initiative	1,306,452	-	1,306,452
Other philanthropic programs and services	2,642,245	-	2,642,245
	<u>3,948,697</u>	<u>-</u>	<u>3,948,697</u>
Total program services			
Supporting services			
Management and general	429,902	-	429,902
Fundraising	247,311	-	247,311
	<u>677,213</u>	<u>-</u>	<u>677,213</u>
Total supporting services			
Total expenses	<u>4,625,910</u>	<u>-</u>	<u>4,625,910</u>
Change in net assets	(161,018)	(951,579)	(1,112,597)
Net assets, beginning of year	<u>3,457,974</u>	<u>1,963,413</u>	<u>5,421,387</u>
Net assets, end of year	<u>\$ 3,296,956</u>	<u>\$ 1,011,834</u>	<u>\$ 4,308,790</u>

Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)

Statement of Activities
Year Ended December 31, 2022

	2022		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Foundation grants	\$ 394,600	\$ 2,519,980	\$ 2,914,580
Institutional memberships	502,750	-	502,750
Individual memberships and donations	4,009	-	4,009
Program fees	41,882	-	41,882
Investment loss	(664,868)	-	(664,868)
PPP loan forgiveness	196,400	-	196,400
Employee retention credit	1,955	-	1,955
Net assets released from restrictions	1,376,543	(1,376,543)	-
Total support and revenue	1,853,271	1,143,437	2,996,708
Expenses			
Program services			
Out in the South initiative	791,889	-	791,889
Other philanthropic programs and services	1,957,797	-	1,957,797
Total program services	2,749,686	-	2,749,686
Supporting services			
Management and general	222,900	-	222,900
Fundraising	266,204	-	266,204
Total supporting services	489,104	-	489,104
Total expenses	3,238,790	-	3,238,790
Change in net assets	(1,385,519)	1,143,437	(242,082)
Net assets, beginning of year	4,843,493	819,976	5,663,469
Net assets, end of year	\$ 3,457,974	\$ 1,963,413	\$ 5,421,387

See Notes to Financial Statements.

**Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)**

**Statement of Functional Expenses
Year Ended December 31, 2023**

	2023						
	Program services			Supporting services			
	Out in the South initiative	Other philanthropic programs and services	Total program services	Management and general	Fundraising	Total supporting services	Total
Personnel expenses							
Salaries	\$ 217,516	\$ 955,537	\$ 1,173,053	\$ 177,705	\$ 136,522	\$ 314,227	\$ 1,487,280
Payroll taxes and benefits	34,949	294,543	329,492	26,571	48,584	75,155	404,647
Total personnel expenses	252,465	1,250,080	1,502,545	204,276	185,106	389,382	1,891,927
Other expenses							
Grants	882,500	-	882,500	-	-	-	882,500
Printing and design	-	15,594	15,594	3,410	-	3,410	19,004
Travel	18,045	245,935	263,980	120,244	3,593	123,837	387,817
Meetings and conferences	2,662	345,101	347,763	45,549	7,589	53,138	400,901
Professional and consulting fees	136,425	685,028	821,453	46,756	41,878	88,634	910,087
Occupancy	2,574	13,824	16,398	1,784	1,648	3,432	19,830
Office expenses	4,076	37,537	41,613	2,736	2,527	5,263	46,876
Telephone	4,027	18,777	22,804	2,559	2,615	5,174	27,978
Postage and mailing	618	7,060	7,678	429	396	825	8,503
Miscellaneous	3,060	23,309	26,369	2,159	1,959	4,118	30,487
Total expenses	<u>\$ 1,306,452</u>	<u>\$ 2,642,245</u>	<u>\$ 3,948,697</u>	<u>\$ 429,902</u>	<u>\$ 247,311</u>	<u>\$ 677,213</u>	<u>\$ 4,625,910</u>

Funders for Lesbian and Gay Issues, Inc.
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Statement of Functional Expenses
Year Ended December 31, 2022

	2022						
	Program services			Supporting services			
	Out in the South initiative	Other philanthropic programs and services	Total program services	Management and general	Fundraising	Total supporting services	Total
Personnel expenses							
Salaries	\$ 234,843	\$ 715,428	\$ 950,271	\$ 110,981	\$ 127,826	\$ 238,807	\$ 1,189,078
Payroll taxes and benefits	46,009	226,607	272,616	31,456	45,436	76,892	349,508
Total personnel expenses	280,852	942,035	1,222,887	142,437	173,262	315,699	1,538,586
Other expenses							
Grants	460,000	-	460,000	-	-	-	460,000
Printing and design	1,078	8,878	9,956	987	1,426	2,413	12,369
Travel	40,000	132,618	172,618	6,757	9,755	16,512	189,130
Meetings and conferences	5,532	97,268	102,800	8,880	12,828	21,708	124,508
Professional and consulting fees	4,125	590,772	594,897	36,976	47,676	84,652	679,549
Occupancy	-	26,611	26,611	5,468	4,374	9,842	36,453
Office expenses	302	38,113	38,415	7,893	6,315	14,208	52,623
Telephone	-	18,900	18,900	3,883	3,106	6,989	25,889
Postage and mailing	-	5,687	5,687	1,169	935	2,104	7,791
Write-offs of uncollectible pledges	-	57,500	57,500	-	-	-	57,500
Miscellaneous	-	39,415	39,415	8,450	6,527	14,977	54,392
Total expenses before depreciation	\$ 791,889	\$ 1,957,797	\$ 2,749,686	\$ 222,900	\$ 266,204	\$ 489,104	\$ 3,238,790

See Notes to Financial Statements.

Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (1,112,597)	\$ (242,082)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
PPP loan forgiveness	-	(196,400)
Change in discount of grants receivable	-	8,500
Realized and unrealized loss (gains) on investments	(414,471)	664,868
Write-offs of uncollectible pledges	-	57,500
Changes in operating assets and liabilities		
Employee retention credit receivable	-	56,180
Contributions and grants receivable, net	525,050	(143,250)
Prepaid expenses	-	46,086
Other assets	-	2,463
Accounts payable and accrued expenses	(4,573)	(102,867)
Refundable advance	180,000	-
	(826,591)	150,998
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(1,570,312)	(139,554)
Proceeds from sales of investments	2,077,901	147,605
	507,589	8,051
Net cash provided by investing activities		
Net (decrease) increase in cash and cash equivalents	(319,002)	159,049
Cash and cash equivalents, beginning	985,891	826,842
Cash and cash equivalents, end	\$ 666,889	\$ 985,891
Supplemental disclosure of cash flow information		
Noncash investing and financing activities		
PPP loan forgiveness	\$ -	\$ 196,400

See Notes to Financial Statements.

Funders for Lesbian and Gay Issues, Inc.
(dba Funders for LGBTQ Issues)

Notes to Financial Statements
December 31, 2023 and 2022

Note 1 - Organization

Funders for Lesbian and Gay Issues, Inc. ("Funders for LGBTQ Issues") was founded in 1982 as "The Working Group on Lesbian and Gay Issues" under fiscal sponsorship of the National Network of Grantmakers. In 2000, Funders for LGBTQ Issues was organized under Internal Revenue Code Section 501(c)(3) as a nonprofit entity and 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, nongovernmental 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.

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 ("GAAP").

Financial statement presentation

Funders for LGBTQ Issues is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, which are described as follows:

Net assets without donor restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets may be designated for specific purposes by action of the Board.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be

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maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Funders for LGBTQ Issues considers all highly liquid investments with a maturity at date of purchase of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated restrictions are reported as support without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, shall be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. At December 31, 2023, Funders for LGBTQ Issues did not have any conditional contributions.

Funders for LGBTQ Issues reports gifts of goods and equipment as support without donor restrictions 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 are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Funders for LGBTQ Issues reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Membership revenue

Funders for LGBTQ Issues recognizes membership revenue over the membership period. The membership period is from January to December of each calendar year.

Program fees revenue

Funders for LGBTQ Issues recognizes program fees as revenue without donor restrictions on the date the program occurs.

Investments

Investments are reported at their fair value in the statement of financial position. Investment sales and purchases are recorded on a trade-date basis. The realized and unrealized gains and losses are included in investment income or loss, net of any investment fees in the statements of activities. Dividend income is recorded based upon the ex-dividend date and interest income is recorded as earned on an accrual basis.

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Funders for LGBTQ Issues invests in a diversified portfolio, consisting primarily of fixed income and equity securities, which may reflect varying rates of return. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the statements of activities and investment portfolio on the statements of financial position.

Fair value measurements

Funders for LGBTQ Issues values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Contributions and grants receivable

Contributions and grants receivables are stated at unpaid balances, less an allowance for uncollectable accounts and a discount on those contributions and grants receivables due in greater than one year using a discount rate of 5%. Funders for LGBTQ Issues provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is Funders for LGBTQ Issues' policy to charge off uncollectible receivables when management determines the receivable will not be collected. During 2023 and 2022, Funders for LGBTQ Issues recorded write-offs of uncollectible pledges of \$0 and \$57,500, respectively.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Property and equipment

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. Expenditures for major renewals and improvements that extend the useful

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lives of fixed assets are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Refundable advance

A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event Funders for LGBTQ Issues fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances. As of December 31, 2023, Funders for LGBTQ Issues has \$180,000 of refundable advances.

Functional allocation of expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of employees' time incurred and on usage of resources.

Income taxes

Funders for LGBTQ Issues is tax-exempt under Internal Revenue Code Section 501 (c)(3) and is required to operate in conformity with the Internal Revenue Code to maintain this qualification. Funders for LGBTQ Issues has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by Funders for LGBTQ Issues and has determined that as of December 31, 2023, there were no material uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Generally, tax years from December 31, 2020 through the current year remain open to examination by the Internal Revenue Service. Funders for LGBTQ Issues does not believe that the results from any examination of these open years would have a material adverse effect on the organization.

Adoption of new accounting pronouncements

On January 1, 2023, Funders for LGBTQ Issues adopted Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Statements* ("ASC 326"), and its related amendments using the prospective method. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred.

In accordance with ASC 326, Funders for LGBTQ Issues evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. The adoption of ASC 326 did not result in any cumulative adjustments to the financial statements.

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Subsequent events

Funders for LGBTQ Issues evaluated the impact of subsequent events through October 3, 2024, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and availability

Funders for LGBTQ Issues regularly monitors liquidity required to meet its operating needs and other contractual commitments. Funders for LGBTQ Issues has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Funders for LGBTQ Issues considers all expenditures related to its ongoing activities and the pattern of income from grants, fundraising, and investments. The Board meets regularly to review all financial aspects of Funders for LGBTQ Issues and meets regularly with Funders for LGBTQ Issues' financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

At December 31, 2023 and 2022, Funders for LGBTQ Issues has the following financial assets and liquidity resources available over the next 12 months:

	2023	2022
Cash and cash equivalents	\$ 666,889	\$ 985,891
Investments	3,608,752	3,701,870
Contributions and grants receivable, net	476,950	1,002,000
	4,752,591	5,689,761
Less refundable advance	(180,000)	-
Less net assets with donor restrictions	(1,011,834)	(1,963,413)
Less board designated reserve fund	(1,550,000)	(1,550,000)
	\$ 2,010,757	\$ 2,176,348

Note 4 - Concentrations

Financial instruments which potentially subject Funders for LGBTQ Issues to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and contributions and grants receivable. Funders for LGBTQ Issues maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

Funders for LGBTQ Issues' investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Funders for LGBTQ Issues' financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

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At December 31, 2023, four donors accounted for approximately 87% of Funders for LGBTQ Issues total contributions and grants receivable. For the year ended December 31, 2023, five donors accounted for approximately 65% of Funders for LGBTQ Issues total contributions.

At December 31, 2022, two donors accounted for approximately 62% of Funders for LGBTQ Issues total contributions and grants receivable. For the year ended December 31, 2022, one donor accounted for approximately 36% of Funders for LGBTQ Issues total contributions.

Note 5 - Investments

Investments consisted of the following as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Equities	\$ 2,200,924	\$ 1,992,394
Fixed income	1,407,828	1,570,551
Nontraditional mutual funds	-	96,448
Commodities - Exchange traded funds	-	42,477
	<u> </u>	<u> </u>
Total	<u>\$ 3,608,752</u>	<u>\$ 3,701,870</u>

Note 6 - Fair value measurements

Financial assets carried at fair value at December 31, 2023 are classified in the table below in one of the three categories described in Note 2:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Exchange traded funds	\$ 846,760	\$ -	\$ -	\$ 846,760
Mutual funds	922,777	-	-	922,777
Common stock	431,387	-	-	431,387
Fixed income				
Mutual funds	1,407,828	-	-	1,407,828
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,608,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,608,752</u>

Financial assets carried at fair value at December 31, 2022 are classified in the table below in one of the three categories described in Note 2:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Exchange traded funds	\$ 527,044	\$ -	\$ -	\$ 527,044
Mutual funds	1,070,973	-	-	1,070,973
Common stock	394,377	-	-	394,377
Fixed income				
Exchange traded funds	147,739	-	-	147,739
Mutual funds	1,422,812	-	-	1,422,812
Nontraditional mutual funds	96,448	-	-	96,448
Commodities - Exchange traded funds	42,477	-	-	42,477
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,701,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,701,870</u>

Funders for Lesbian and Gay Issues, Inc.
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Notes to Financial Statements
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Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets, and are valued on a recurring basis.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Funders for LGBTQ Issues believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Funders for LGBTQ Issues' policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2023 and 2022, there have been no changes in the valuation methodologies, and there have been no transfers between levels 1 and 2 and no transfers in or out of Level 3.

Note 7 - Reserve fund

A reserve fund was designated by the Board of Directors in 2002 to assure long-term financial sustainability of Funders for LGBTQ Issues. As of December 31, 2023 and 2022, reserve fund balances were \$1,550,000 and \$1,550,000, respectively. Disbursements from the reserve fund are subject to authorization from the Executive Committee.

Note 8 - Contributions and grants receivable

Contributions and grants receivable consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Receivable in one year or less	\$ 386,700	\$ 973,500
Receivable in one to two years	<u>95,000</u>	<u>30,000</u>
	481,700	1,003,500
Less discount	<u>(4,750)</u>	<u>(1,500)</u>
	<u>\$ 476,950</u>	<u>\$ 1,002,000</u>

At December 31, 2023 and 2022, Funders for LGBTQ Issues has not provided for an allowance for uncollectible grants as all amounts are considered fully collectible.

Funders for Lesbian and Gay Issues, Inc.
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Notes to Financial Statements
December 31, 2023 and 2022

Note 9 - Property and equipment

Property and equipment consist of the following at December 31:

	2023	2022
Computer and software	\$ 58,801	\$ 58,801
Furniture, fixtures and equipment	8,950	8,950
	67,751	67,751
Less accumulated depreciation	(67,751)	(67,751)
	\$ -	\$ -

Note 10 - Net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes:

	December 31, 2022	Additions	Releases	December 31, 2023
Out in the South Initiative	\$ 1,021,746	\$ 625,000	\$ (1,218,246)	\$ 428,500
Grantmakers United for Trans	-	331,500	(156,500)	175,000
Small Project Grants	-	10,000	-	10,000
General support (time restricted)	941,667	882,507	(1,425,840)	398,334
Total	\$ 1,963,413	\$ 1,849,007	\$ (2,800,586)	\$ 1,011,834

	December 31, 2021	Additions	Releases	December 31, 2022
Funding Forward	\$ 5,000	\$ 93,980	\$ (98,980)	\$ -
Out in the South Initiative	313,726	1,482,250	(774,230)	1,021,746
Grantmakers United for Trans	-	-	-	-
Communities Initiative	20,000	65,000	(85,000)	-
General support (time restricted)	481,250	878,750	(418,333)	941,667
Total	\$ 819,976	\$ 2,519,980	\$ (1,376,543)	\$ 1,963,413

Note 11 - 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 Funders for LGBTQ Issues 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 \$52,855 and \$49,948 for the years ended December 31, 2023 and 2022, respectively.

**Funders for Lesbian and Gay Issues, Inc.
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**Notes to Financial Statements
December 31, 2023 and 2022**

Note 12 - PPP Loan payable

Second round PPP loan

In February 2021, Funders for LGBTQ Issues entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of \$196,400 pursuant to the Paycheck Protection Program (the "PPP loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. The loan has a two-year maturity and includes a fixed interest rate of 1% per year until the maturity date. The loan has a five-year maturity and includes a fixed interest rate of 1% per year until the maturity date. Funders for LGBTQ Issues submitted its application for PPP loan forgiveness in December 2021 and received notice from the SBA in January 2022 that the SBA approved forgiveness of the full amount of the PPP loan and the related interest thereon. Accordingly, Funders for LGBTQ Issues derecognized \$196,400 of the PPP loan and recognized a corresponding gain on debt forgiveness, which is included in the statement of activities for the year ended December 31, 2022.

Note 13 - Line of credit

In August 2022, Funders for LGBTQ Issues entered into a line of credit agreement with a bank with a maximum borrowing limit of \$250,000 maturing in October 2024. This line of credit agreement was entered into to allow Funders for LGBTQ Issues flexibility to support program agility and programmatic opportunities. As of December 31, 2023, there have been no borrowings on the line of credit.



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