

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

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

December 31, 2021

**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 statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Funders for Lesbian and Gay Issues, Inc. (dba Funders for LGBTQ Issues) for the year ended December 31, 2020, were audited by another auditor whose report dated August 20, 2021, expressed an unmodified opinion on those statements.

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 audit.



Los Angeles, California
March 30, 2023

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

**Statements of Financial Position
December 31, 2021 and 2020**

	<u>Assets</u>	
	2021	2020
Assets		
Cash and cash equivalents	\$ 826,842	\$ 607,800
Investments	4,374,789	740,535
Employee retention credit receivable	56,180	-
Grants receivable, net	924,750	897,397
Prepaid expenses	46,086	44,451
Other assets	4,199	10,199
Total assets	<u>\$ 6,232,846</u>	<u>\$ 2,300,382</u>
	<u>Liabilities and Net Assets</u>	
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 372,977	\$ 126,417
PPP loan payable	196,400	196,400
Total liabilities	<u>569,377</u>	<u>322,817</u>
Commitments and contingencies		
Net assets		
Without donor restrictions		
Operating fund	3,543,493	412,730
Reserve fund	1,300,000	650,000
	4,843,493	1,062,730
With donor restrictions	819,976	914,835
Total net assets	<u>5,663,469</u>	<u>1,977,565</u>
Total liabilities and net assets	<u>\$ 6,232,846</u>	<u>\$ 2,300,382</u>

See Notes to Financial Statements.

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

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Foundation grants	\$ 3,320,597	\$ 2,225,000	\$ 5,545,597
Institutional memberships	558,550	-	558,550
Individual memberships and donations	3,694	-	3,694
Program fees	94,802	-	94,802
Investment income, net	202,220	-	202,220
PPP loan forgiveness	196,400	-	196,400
Employee retention credit	164,211	-	164,211
Net assets released from restrictions	2,319,859	(2,319,859)	-
Total support and revenue	6,860,333	(94,859)	6,765,474
Expenses			
Program services			
Out in the South initiative	1,114,491	-	1,114,491
Other philanthropic programs and services	1,407,194	-	1,407,194
Total program services	2,521,685	-	2,521,685
Supporting services			
Management and general	310,224	-	310,224
Fundraising	247,661	-	247,661
Total supporting services	557,885	-	557,885
Total expenses	3,079,570	-	3,079,570
Change in net assets	3,780,763	(94,859)	3,685,904
Net assets, beginning of year	1,062,730	914,835	1,977,565
Net assets, end of year	\$ 4,843,493	\$ 819,976	\$ 5,663,469

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

Statements of Activities
Years Ended December 31, 2021 and 2020

	2020		
	Without donor restrictions	With donor restrictions	Total
Support and revenue			
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	74,154	-	74,154
Net assets released from restrictions	2,435,000	(2,435,000)	-
Total support and revenue	3,080,926	(102,629)	2,978,297
Expenses			
Program services			
Out in the South initiative	1,015,633	-	1,015,633
Other philanthropic programs and services	1,261,517	-	1,261,517
Total program services	2,277,150	-	2,277,150
Supporting services			
Management and general	302,621	-	302,621
Fundraising	212,132	-	212,132
Total supporting services	514,753	-	514,753
Total expenses	2,791,903	-	2,791,903
Change in net assets	289,023	(102,629)	186,394
Net assets, beginning of year	773,707	1,017,464	1,791,171
Net assets, end of year	\$ 1,062,730	\$ 914,835	\$ 1,977,565

See Notes to Financial Statements.

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

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021						
	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	\$ 231,661	\$ 645,292	\$ 876,953	\$ 182,472	\$ 138,896	\$ 321,368	\$ 1,198,321
Payroll taxes and benefits	102,280	228,419	330,699	81,875	67,864	149,739	480,438
Total personnel expenses	333,941	873,711	1,207,652	264,347	206,760	471,107	1,678,759
Other expenses							
Grants	766,500	-	766,500	-	-	-	766,500
Printing and design	-	2,608	2,608	251	191	442	3,050
Travel	-	5,918	5,918	1,060	813	1,873	7,791
Meetings and conferences	267	35,861	36,128	1,112	846	1,958	38,086
Professional and consulting fees	13,165	303,166	316,331	22,364	22,161	44,525	360,856
Occupancy	-	54,280	54,280	11,153	8,923	20,076	74,356
Office expenses	121	19,856	19,977	3,084	2,467	5,551	25,528
Telephone	497	12,994	13,491	2,091	1,672	3,763	17,254
Postage and mailing	-	1,685	1,685	237	190	427	2,112
Write-offs of uncollectible pledges	-	78,744	78,744	-	-	-	78,744
Miscellaneous	-	18,371	18,371	4,525	3,638	8,163	26,534
Total expenses	<u>\$ 1,114,491</u>	<u>\$ 1,407,194</u>	<u>\$ 2,521,685</u>	<u>\$ 310,224</u>	<u>\$ 247,661</u>	<u>\$ 557,885</u>	<u>\$ 3,079,570</u>

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

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2020						
	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	\$ 238,266	\$ 600,131	\$ 838,397	\$ 174,449	\$ 132,790	\$ 307,239	\$ 1,145,636
Payroll taxes and benefits	78,390	209,034	287,424	59,805	45,524	105,329	392,753
Total personnel expenses	316,656	809,165	1,125,821	234,254	178,314	412,568	1,538,389
Other expenses							
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	1,329	73,203
Professional and consulting fees	2,125	245,048	247,173	49,503	18,757	68,260	315,433
Occupancy	1,027	46,256	47,283	9,838	7,488	17,326	64,609
Office expenses	152	18,710	18,862	2,871	2,210	5,081	23,943
Telephone	150	10,804	10,954	1,846	1,422	3,268	14,222
Postage and mailing	1,694	837	2,531	386	351	737	3,268
Miscellaneous	-	16,578	16,578	2,844	2,723	5,567	22,145
Total expenses before depreciation	1,015,633	1,259,888	2,275,521	302,271	211,865	514,136	2,789,657
Depreciation	-	1,629	1,629	350	267	617	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>\$ 514,753</u>	<u>\$ 2,791,903</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 3,685,904	\$ 186,394
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	-	2,246
PPP loan forgiveness	(196,400)	-
Change in discount of grants receivable	12,359	-
Realized and unrealized gains on investments	(202,220)	(54,889)
Write-offs of uncollectible pledges	78,744	-
Changes in operating assets and liabilities		
Employee retention credit receivable	(56,180)	-
Grants receivable	(118,456)	25,334
Prepaid expenses	(1,635)	2,532
Other assets	6,000	(4,291)
Accounts payable and accrued expenses	246,560	95,925
Deferred revenue	-	(7,100)
	<u>3,454,676</u>	<u>246,151</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(3,447,000)	(225,425)
Proceeds from sales of investments	14,966	110,590
	<u>(3,432,034)</u>	<u>(114,835)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from PPP loan	196,400	196,400
	<u>219,042</u>	<u>327,716</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents, beginning	607,800	280,084
Cash and cash equivalents, end	<u>\$ 826,842</u>	<u>\$ 607,800</u>
Supplemental disclosure of cash flow information		
Noncash investing and financing activities		
PPP loan forgiveness	<u>\$ 196,400</u>	<u>\$ -</u>

See Notes to Financial Statements.

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

**Notes to the Financial Statements
December 31, 2021 and 2020**

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 maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires,

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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, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, 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, 2021, 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.

Employee retention credit

Funders for LGBTQ Issues has elected to follow the guidance regarding contributions found in Financial Accounting Standards Board Accounting Standards Codification 958-605, *Not-for-Profit Entities - Revenue Recognition - Contributions*, to account for its income from the Employee Retention Credit ("ERC").

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 statement of activities and investment portfolio on the statement 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.

Grants and accounts receivable

Grants and accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts and a discount on those grants and accounts receivable 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 2021 and 2020, Funders for LGBTQ Issues recorded write-offs of uncollectible pledges of \$78,744 and \$0, 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.

Functional allocation of expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement 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, 2021, 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, 2018 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 pronouncement

For the year ended December 31, 2021, Funders for LGBTQ Issues adopted Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of Funders for LGBTQ Issues and will not change existing recognition and measurement requirements. Funders for LGBTQ Issues has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

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

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LGBTQ Issues' financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

At December 31, 2021 and 2020, Funders for LGBTQ Issues has the following financial assets and liquidity resources available over the next 12 months:

	2021	2020
Cash and cash equivalents	\$ 826,842	\$ 607,800
Investments	4,374,789	740,535
Employee retention credit receivable	56,180	-
Grants receivable, net	924,750	897,397
	6,182,561	2,245,732
Less net assets with donor restrictions	(819,976)	(914,835)
Less board designated reserve fund	(1,300,000)	(650,000)
	<u>\$ 4,062,585</u>	<u>\$ 680,897</u>

Note 4 - Concentrations

Financial instruments which potentially subject Funders for LGBTQ Issues to concentrations of credit risk consist primarily of cash and cash equivalents 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.

At December 31, 2021, four donors accounted for approximately 79% of Funders for LGBTQ Issues total grants receivable. For the year ended December 31, 2021, one donor accounted for approximately 54% of Funders for LGBTQ Issues total contributions.

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Notes to the Financial Statements
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Note 5 - Investments

Investments consisted of the following as of December 31:

	2021	2020
Cash and cash equivalents	\$ -	\$ 5,137
Equities		
Exchange traded funds	538,403	34,934
Mutual funds	1,475,022	189,984
Common stock	435,074	164,013
Fixed income		
Exchange traded funds	179,330	20,169
Mutual funds	1,603,470	280,394
Non-traditional mutual funds	100,743	26,577
Commodities - Exchange traded funds	42,747	19,327
Total	<u>\$ 4,374,789</u>	<u>\$ 740,535</u>

Note 6 - Fair value measurements

Financial assets carried at fair value at December 31, 2021 are classified in the table below in one of the three categories described in Note 1:

	Level 1	Level 2	Level 3	Total
Equities				
Exchange traded funds	\$ 538,403	\$ -	\$ -	\$ 538,403
Mutual funds	1,475,022	-	-	1,475,022
Common stock	435,074	-	-	435,074
Fixed income		-	-	-
Exchange traded funds	179,330			179,330
Mutual funds	1,603,470	-	-	1,603,470
Non-traditional mutual funds	100,743	-	-	100,743
Commodities - Exchange traded funds	42,747	-	-	42,747
Total	<u>\$ 4,374,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,374,789</u>

Financial assets carried at fair value at December 31, 2020 are classified in the table below in one of the three categories described in Note 1:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 5,137	-	-	5,137
Equities				
Exchange traded funds	34,934	-	-	34,934
Mutual funds	189,984	-	-	189,984
Common stock	164,013	-	-	164,013
Fixed income		-	-	-
Exchange traded funds	20,169			20,169
Mutual funds	280,394	-	-	280,394
Non-traditional mutual funds	26,577	-	-	26,577
Commodities - Exchange traded funds	19,327	-	-	19,327
Total	<u>\$ 740,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,535</u>

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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. Financial assets valued using Level 2 inputs are based on the present value of expected cash flows. There are no Level 2 investments at December 31, 2021.

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 year ended December 31, 2021, 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. During 2021, an additional \$650,000 was transferred from the operating fund to the reserve fund. As of December 31, 2021 and 2020, reserve fund balances were \$1,300,000 and \$650,000, respectively. Disbursements from the reserve fund are subject to authorization from the Executive Committee.

Note 8 - Grants receivable

Grants receivable consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Receivable in one year or less	\$ 734,750	\$ 780,038
Receivable in one to two years	<u>200,000</u>	<u>120,000</u>
	934,750	900,038
Less discount	<u>(10,000)</u>	<u>(2,641)</u>
	<u>\$ 924,750</u>	<u>\$ 897,397</u>

At December 31, 2021 and 2020, Funders for LGBTQ Issues has not provided for an allowance for uncollectible grants as all amounts are considered fully collectible.

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Note 9 - Property and equipment

Property and equipment consist of the following at December 31:

	2021	2020
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)
	<u>\$ -</u>	<u>\$ -</u>

Note 10 - Net assets with donor restrictions

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

	December 31, 2020	Additions	Releases	December 31, 2021
Funding Forward	\$ 5,000	\$ 25,000	\$ (25,000)	\$ 5,000
Out in the South Initiative	429,976	993,750	(1,110,000)	313,726
Grantmakers United for Trans Communities Initiative	70,000	240,000	(290,000)	20,000
Small Project Grants	32,500	-	(32,500)	-
General support (time restricted)	377,359	966,250	(862,359)	481,250
Total	<u>\$ 914,835</u>	<u>\$ 2,225,000</u>	<u>\$ (2,319,859)</u>	<u>\$ 819,976</u>
	December 31, 2019	Additions	Releases	December 31, 2020
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>

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

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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 \$63,495 and \$67,440 for the years ended December 31, 2021 and 2020, respectively.

Note 12 - Commitments and contingencies

Funders for LGBTQ Issues occupies an office in New York City at 45 West 36th Street under a noncancellable operating lease through April 30, 2022, and converting to a month-to-month operating lease on May 1, 2022. Total rent expense was \$74,356 and \$64,609 for 2021 and 2020, respectively. Future minimum lease payments in 2022 are \$22,510.

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Note 13 - PPP Loan payable

First round PPP loan

In May 2020, 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"). The loan has a two-year maturity and includes a fixed interest rate of 1% per year until the maturity date. Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. During the year ended December 31, 2020, Funders for LGBTQ Issues submitted its application for loan forgiveness and received notice from the SBA in January 2021 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 loan forgiveness in the statement of activities.

Second round PPP loan

In February 2021, the SBA approved a second draw PPP loan in the amount of \$196,400 for Funders for LGBTQ Issues. The loan has a five-year maturity and includes a fixed interest rate of 1% per year until the maturity date. The PPP loan promissory note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against Funders for LGBTQ Issues.

Funders for LGBTQ Issues submitted its application for PPP loan forgiveness in December 2021 and received full loan forgiveness of \$196,400 subsequent to year end (see Note 15).

Note 14 - Employee retention credit

Under the provisions of the CARES Act, the ERC provides eligible employers with less than 500 employees a refundable tax credit against the employer's share of social security taxes. The ERC is equal to 50% of qualified wages paid to employees during calendar year 2020 for a maximum credit of \$5,000 per employee for each calendar quarter through December 31, 2020 and 70% of qualified

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wages paid to employees during calendar year 2021 for a maximum credit of \$7,000 per employee for each calendar quarter through September 30, 2021. At December 31, 2021, Funders for LGBTQ Issues has an employee retention credit receivable balance of \$56,180 related to the ERC on the statement of financial position. During the year ended December 31, 2021, Funders for LGBTQ Issues recognized \$164,211 related to the ERC on the statement of activities related to the first and second quarter of 2020 and the first, second and third quarter of 2021.

Note 15 - Subsequent events

Second round PPP loan forgiveness

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 will derecognize \$196,400 of the PPP loan and recognize a corresponding gain on debt forgiveness, which will be included in the statement of activities for the year ending December 31, 2022.

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 June 2023. This line of credit agreement was entered into to allow Funders for LGBTQ Issues flexibility to support program agility and programmatic opportunities.

Funders for LGBTQ Issues evaluated the impact of subsequent events through March 30, 2023, which is the date the financial statements were available to be issued.



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