

# Securing Our Community's Future: An Invitation to You



**horizons foundation**

Your LGBT Community | Your LGBT Foundation

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## A Vision for the Future

A great community has certain marks. Its generosity is one. Another is how well it cares for its members, especially its oldest, its youngest, and its most vulnerable. Still another: the community's capacity to dream, to plan thoughtfully for the future—and to transform those dreams into reality.

For the LGBT community, planning for the future has been challenging. We've built the community almost from scratch in just a few short decades. Attempts to plan ahead have often been overwhelmed by the urgent needs facing us every day—the fight for fundamental rights, the HIV epidemic, the struggle to end violence and discrimination, to name just three. There's always been so much that must be done right now.

Yet to plan and provide for our long-term future is *precisely* what we must do to provide the ongoing care and support our community members need and deserve. And, at this moment, we have an unprecedented opportunity to do so—an opportunity to create permanent financial resources for the LGBT community.

Creating these permanent resources will take a bit of imagination and a belief in what we, as LGBT people, can accomplish—together. It is based on an idea proven by other communities—and it has immense potential for *our* community. The idea is simple: that thousands of individuals and couples provide for future generations through bequests and other planned gifts. Out of those individual legacies, large and small, we will build one great legacy that serves the diverse lesbian, gay, bisexual, and transgender (LGBT) community in the San Francisco Bay Area—*forever*.



**LGBT people have an unprecedented opportunity to create permanent financial resources to help protect our rights to live, work, and love.**

## Great Progress and Great Needs

In the 30 years since Horizons' founding in 1980, the LGBT community has made stunning progress, especially considering the fierce opposition we have faced and the horrors of the HIV epidemic. We can measure that progress in legislative and legal victories, public visibility, and the rich array of organizations established to protect and promote the well-being of LGBT people.

Yet our struggles for freedom and equality remain far from complete. If we needed reminding, the passage of Proposition 8 put our continuing inequality center-stage. And the daily toll of prejudice, discrimination, harassment, and violence—in schools, in senior centers, in medical offices, on the streets, and in our homes—remains unacceptably high.

## From Scarcity to Strength

No movement succeeds without individual courage and organizational strength. Our movement has rarely lacked for courageous people. Historically, though, our advocacy and service organizations have been more fragile. And while no one would suggest that money alone makes for powerful LGBT organizations, a chronic lack of funding undeniably puts severe limits on the impact they can make. It means waiting lists when people need help; silence where an advocate's voice is needed; LGBT art that's never heard or seen; elders isolated from community; kids on the streets instead of in homes; anti-LGBT attacks that we don't answer.

This challenge is neither new nor temporary. It takes nothing away from the remarkable progress we've made to recognize how much more our community could achieve with greater capital, and to face squarely the challenge that remains in building a powerful, enduring movement to win and protect our rights to live, work, and love. Our challenge lies in generating the resources not just for today, or for the next grant cycle, or even next year—it lies in creating those resources *forever*.



**The challenge lies in moving the LGBT community from continuing scarcity toward enduring strength, in generating resources not just for today but *forever*.**

# The Philanthropic Potential of the LGBT Community

The answer to the challenge of creating enduring resources lies in our community's own enormous philanthropic potential. It rests in the decisions and commitments of thousands of individuals and families, and it is very much within our collective reach.

The greatest philanthropic potential—by far—lies in estate gifts, primarily simple bequests included in people's wills and trusts. Most people's capacity to give from wealth accumulated over a lifetime well exceeds their capacity to give from current income. This is doubly true in an expensive place like the Bay Area; after meeting the costs of housing alone, even many charitably inclined people simply don't feel they have much left over to give away.

Other communities have pursued similar strategies for decades, establishing endowments that were once very small, but have grown large and powerful through thousands of gifts. Today's billion-dollar community endowments—at community foundations, religious foundations, and others—have been built largely from bequests left by people with the foresight and vision to sustain their communities' futures.

The philanthropic potential in the LGBT community is breathtaking from any angle. Assuming an *average* estate gift of \$32,000 (the nationwide average for charitable bequests)<sup>2</sup>, planned gifts by just *one percent* of the Bay Area's more than 400,000 adult LGBT people would translate into a *permanent fund of more than \$125 million* for our community—before a single dime is earned from investment. Even more dramatic: LGBT people in the Bay Area hold more than \$20 billion in real estate equity (post-downturn). Only 1% of that would yield a permanent fund of well over \$200 million. (For details about LGBT wealth in real estate, please see Appendix A.)

**Gifts of just 1% of the home equity held by LGBT people in the Bay Area today would yield a permanent fund of well over \$200 million.**



<sup>2</sup> Martinghetti, Tony. "Make 2010 the Year YOU Start Planned Giving," GuideStar.org, 2010.

<http://www2.guidestar.org/rxa/news/articles/2010/make-2010-the-year-you-start-planned-giving.aspx>.

See also *The Journal of Gift Planning*, "Selected Data from a National Survey of Charitable Gift Planners," p. 15 (2007) (showing average bequest sizes for various sizes and types of nonprofits).

## Horizons Foundation's LGBT Community Endowment Fund

The LGBT Community Endowment Fund is the centerpiece of the strategic vision set out by the foundation in 2005, our 25th anniversary year. Unlike traditional endowment campaigns, the LGBT Community Endowment Fund will grow almost entirely through planned gifts. It is, by definition, a long-term strategy. *It is also the only viable strategy to generate significant, stable, long-term resources for the LGBT community.*

The concept of an endowment is straightforward. Gifts made into the endowment are preserved in perpetuity. Earnings are generated from investment of the endowment, and the foundation uses these earnings to make grants to nonprofit organizations. The graphic below illustrates in a highly simplified form how the LGBT Community Endowment Fund works. (For an illustration of the structure of the Endowment Fund itself, please see Appendix B.)



Horizons has committed itself to expanding the LGBT Community Endowment Fund to \$100 million or more by the year 2030. A fund of this size would generate millions of dollars in grants every year to:

- Ensure that LGBT people who need help can get help.
- Sustain efforts to help LGBT people become—and remain—free and equal citizens.
- Fuel advocacy for our rights in all aspects of society.
- Provide critical seed money to our social entrepreneurs and innovators.
- Promote and enrich LGBT culture, history, and community events.
- Fund art and culture that explore and celebrate LGBT lives.

Put simply, the LGBT Community Endowment Fund will touch thousands upon thousands of lives in future generations.

And there's more. The LGBT Community Endowment Fund will create new and valuable resources to respond to future threats, needs, and opportunities that, by definition, we cannot foresee. Nobody envisioned HIV. Few anticipated that same-sex marriage would so rapidly become a nationwide fight. Few expected the severity of the recession that began in 2008. The LGBT Community Endowment Fund will give the LGBT community a permanent capacity to meet needs none of us can possibly predict.

## Why Now

The time for this fund is now. For starters, the earlier we begin to build a fund—personally or community-wide—the better. But more than financial logic tells us to start today. Three other factors make the timing urgent. First, over the next two to three decades, a massive intergenerational transfer of wealth will take place in the United States, during which trillions of dollars will be distributed through estates.<sup>3</sup> While the economic crisis has diminished that wealth somewhat, the number remains immense. In particular, the long-term rise in real estate values has produced a multi-billion dollar philanthropic opportunity—even after accounting for the declines of the past two years. (See Appendix A.)

Second, fully 80% of us do not have children.<sup>4</sup> We have other people and causes dear to us, but not having children opens up substantially wider charitable gift opportunities.

Third and finally, the first LGBT “Stonewall” and “post-Stonewall” generations—many of whose lives have been profoundly shaped by the movement—are reaching the time when they will determine the disposition of their estates. Tens of thousands of the members of this generation in the Bay Area will be proud to act in order to preserve and strengthen a community they did so much to create.

A window now stands open for us to build the permanent resources we, and those who follow us, will need. This window will not stay open forever, which is why we must act now.



**It has often been said that the best time to plant a tree is 20 years ago, and the second best time is today. The same holds true for building our LGBT community endowment.**

<sup>3</sup> John J. Havens and Paul G. Schervish, “Why the \$41 Trillion Wealth Transfer Estimate Is Still Valid,” *The Journal of Gift Planning*, January 2003: 11-15, 47-50. Although estimates of this wealth transfer vary widely (as with any long-term economic projection), there is no disagreement that its charitable potential dwarfs that of any prior period. Also, given the long-term nature of Haven and Schervish’s simulation and the conditions used in their original estimate, the economic downturn in 2008–2009 will not dramatically alter the result.

<sup>4</sup> Romero, A.P. et al, *Census Snapshot: United States*, The Williams Institute on Sexual Orientation Law and Public Policy, UCLA.



## Why Here

For decades, the Bay Area has been home to an extraordinary population of lesbian, gay, bisexual, and transgender people. Because of its history, size, and diversity, the Bay Area will long remain a potent draw for future generations. The generosity of our community will help ensure that those who follow us—the queer youth arriving from around the country, LGBT refugees from around the world, our elders, our families, and our children—will have resources to help safeguard their freedom, equality, and well-being.

But the LGBT Community Endowment Fund will be much more than a perpetual charitable bank. It will be an enduring source of community strength and pride, a singular achievement, the measure of which is not only the millions of dollars it directs to community needs but the simple, inspirational fact that the Endowment Fund exists because of the vision and generosity of many individuals working toward a common goal. And the fund's impact will extend well beyond the Bay Area. San Francisco stands as a beacon for LGBT people around the world. This area is a symbol of LGBT hope and pride unlike any other. What we accomplish here—with this plan—can inspire those in other communities far beyond this region.





## Why Horizons

Horizons Foundation is uniquely positioned to implement this plan. As the region's sole philanthropic institution dedicated to the LGBT community, Horizons' core mission focuses on increasing resources for the community and has close ties to scores of LGBT nonprofits.<sup>5</sup> Across the country—both inside and outside the LGBT community—Horizons is viewed as an exemplar of community-based philanthropy.

Horizons itself has multiplied in size, scope, and capacity over the years. In 1980, the foundation made two grants of \$500 each. In the past three years, Horizons has averaged \$2.2 million in grants each year. The foundation also benefits from an expert investment committee, professional fund management, and experience stewarding \$4 million in our current endowment (as well as more than 80 donor-advised and named funds).<sup>6</sup> (Some indicators of Horizons' recent growth are included in Appendix C.)



**As the region's sole philanthropic institution dedicated to the LGBT community, Horizons Foundation is uniquely positioned to implement this plan.**

<sup>5</sup> Horizons views the potential in planned giving and the LGBT Community Endowment Fund as a community-wide opportunity. The fact is that, at a practical level, very few LGBT organizations have, or are likely to develop, the capacity, resources, and stability to realize that potential. As part of a broader strategic effort to increase planned giving throughout the community, Horizons provides assistance and support to community nonprofits wanting to work in this arena with their donors, including the opportunity to establish their own organizational funds within the LGBT Community Endowment Fund.

<sup>6</sup> Horizons Foundation's endowment fund has outperformed the S&P 500 by 7.9% over the three-year period ending June 2010 and by 3.5% over the most recent five-year period. Details are available on request.

## Our Invitation to You

Horizons Foundation's LGBT Community Endowment Fund is growing through the generosity of hundreds of people. Over time, there will be thousands. Already, more than 200 individuals and couples have committed to making bequests and other planned gifts to the foundation, in amounts ranging from a few thousand dollars to the millions. Because some donors prefer to keep their intentions private, it is highly probable that many others have included the Endowment Fund in their estates. And even though most donors choose not to share details of their planned gifts, Horizons knows of more than \$25 million in future estate gifts. Every one of those gifts matters—*there's no such thing as an insignificant planned gift*. And every one of those donors inspires others to follow his or her example.

Horizons Foundation honors each of these donors through our Legacy Circle. In addition to benefits such as Legacy Circle member-only events, special "insider briefings," and acknowledgment in our annual report and other appropriate publications (if desired), Legacy Circle members become part of a community of givers who have made a deep personal commitment to future generations.

We invite you to join these visionaries.<sup>8</sup> There are many ways to leave a gift to the LGBT Community Endowment Fund, and we welcome the opportunity to assist in crafting a legacy that fulfills your own philanthropic goals. (See Appendix B for a diagram of how different types of gifts can work within the endowment.)

For more details, please ask for Horizons' *Guide to Gift Planning for the LGBT Community*, or consult our website at [www.horizonsfoundation.org](http://www.horizonsfoundation.org). You may also contact us through the website or by calling 415.398.2333. (There are no fees for the guide or for talking with Horizons' staff.)



<sup>8</sup> Horizons also supports donors in structuring their planned gifts to reflect their own deepest passions. We encourage donors to consider the importance of our community endowment being able to meet needs that no one can foresee. At the same time, we welcome and support donors who wish to designate their gifts to particular areas of interest or specific organizations.

## A Decisive Moment

The LGBT community stands at a decisive moment in its struggle for basic rights and dignity and its evolving role in supporting LGBT people throughout their lives. We have an opportunity today to create the financial resources vital to securing our fundamental human rights and to building a strong, enduring community for LGBT people, both in the San Francisco Bay Area and beyond. It is up to *all* of us to seize this historic opportunity.

Please join us.



## Appendix A: Estimated LGB Home Equity in the Bay Area

Based on data from the U.S. Census, the Williams Institute at UCLA, and 2009 MLS data for home/condominium prices and sales, Horizons estimates that LGB people<sup>9</sup> in the Bay Area hold more than \$20 billion in real estate equity. We provide the details of these data here to illustrate the soundness of this estimate—extraordinary as the number is—and therefore the potential for our community in giving through estates. In developing this data, we have made two assumptions: that LGB people own real estate at the same levels as the total population and owners of homes with a mortgage have an average of 20% equity.

### RESIDENTIAL REAL ESTATE EQUITY HELD BY LGB PEOPLE

COUNTY	Average Price of All SFRs and Condos (2009)	Housing Units Without a Mortgage	Estimated Equity in Mortgage-free Homes	Housing Units with a Mortgage	Estimated Equity In Mortgaged Homes (assumes avg 20% equity)	Total Estimated Home Equity	% LGB	Total Estimated LGB Home Equity
Alameda	\$430,593	64,221	\$27,653,131,852	229,793	\$19,789,464,903	\$47,442,596,754	8.0%	\$3,795,407,740
Contra Costa	\$244,621	53,517	\$13,091,392,916	204,422	\$10,001,191,108	\$23,092,584,025	4.2%	\$969,888,529
Marin	\$850,498	16,756	\$14,250,937,290	48,069	\$8,176,513,543	\$22,427,450,833	7.5%	\$1,682,058,812
Napa	\$450,311	9,114	\$4,104,137,171	22,192	\$1,998,661,665	\$6,102,798,836	5.9%	\$360,065,131
San Francisco	\$853,443	34,740	\$29,648,626,853	90,993	\$15,531,476,703	\$45,180,103,556	15.4%	\$6,957,735,948
San Mateo	\$751,732	39,878	\$29,977,583,061	116,463	\$17,509,801,174	\$47,487,384,235	5.3%	\$2,516,831,364
Santa Clara	\$587,904	80,720	\$47,455,611,329	273,697	\$32,181,512,522	\$79,637,123,851	5.0%	\$3,981,856,193
Solano	\$224,900	16,521	\$3,715,566,125	72,813	\$3,275,122,768	\$6,990,688,894	4.2%	\$293,608,934
Sonoma	\$386,201	30,608	\$11,820,846,717	81,997	\$6,333,468,167	\$18,154,314,884	7.5%	\$1,361,573,616

**TOTAL ESTIMATED LGB HOME EQUITY (2009): \$21,919,026,268**

#### SOURCES:

2009 MLS data for single-family residences (SFRs) and condos sold in the San Francisco Bay Area

U.S. Census Bureau, 2006-2008 American Community Survey 3-Year Estimates. <http://www.census.gov/acs/www/>

Gates, Gary J. *Same-sex Couples and the Gay, Lesbian, and Bisexual Population: New Estimates from the American Community Survey*, William Institute, 2006.

<sup>9</sup> Unfortunately, there are no population data available about transgender people.

## Appendix B: Structure of the LGBT Community Endowment Fund

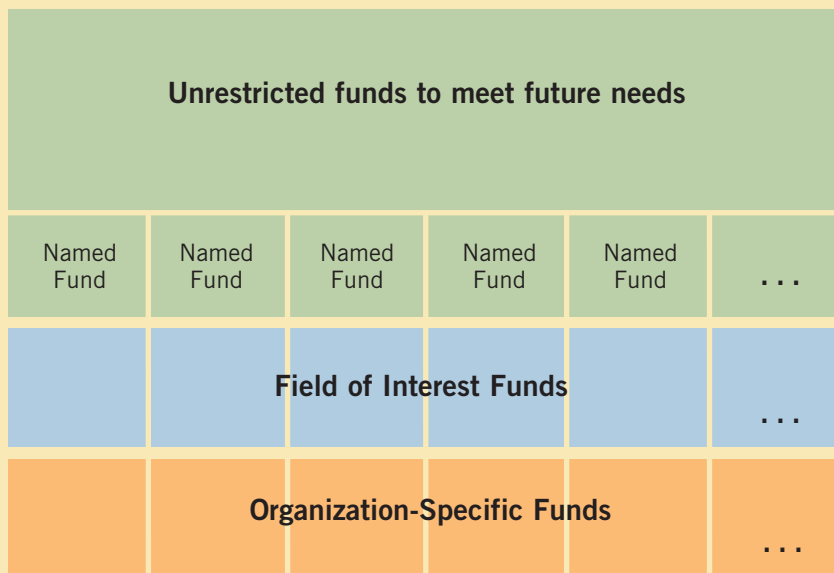
The LGBT Community Endowment Fund is structured to provide donors with numerous options for making gifts that serve the community and reflect their own values and passions.

Four kinds of funds make up the LGBT Community Endowment Fund:

- The largest part is made up of general (“unrestricted”) funds that provide for the community’s future needs. The general fund is important because no one can predict what issues will be most pressing in 10, 20, or 50 years.
- Within the unrestricted fund, a donor may also establish a **named fund** (named in a way meaningful to the donor). These are represented by the boxes within the green area.
- A donor (or Horizons) may set up a **field of interest fund**, which is dedicated to supporting an area of particular interest to the donor, such as LGBT youth, the arts, LGBT equality, etc. Each blue box represents a separate field of interest fund.
- A donor or an organization may set up a fund **specifically to benefit an organization**. Each orange box represents a separate organization-specific fund.

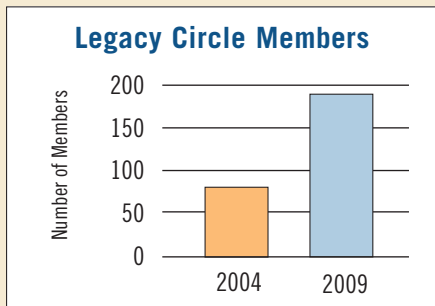
*There is no limit to the number of named, field of interest, or organization-specific funds that can be established within the endowment. Donors may also split a gift into more than one kind of fund (for example, 50% for the general fund and 50% for a field of interest fund).*

### LGBT Community Endowment Fund

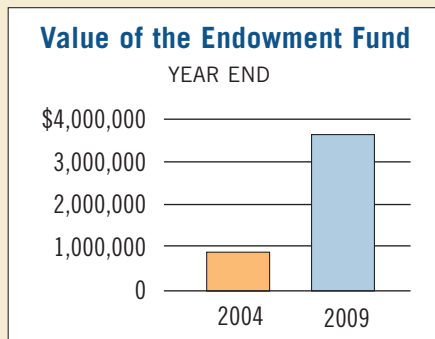


## Appendix C: Milestones from 2004 to 2009

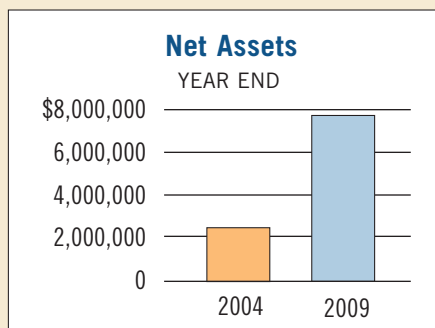
The following charts indicate the progress made by Horizons Foundation during our most recent five-year strategic plan period. (Please note that the scales on the vertical axes are different.) Following a strategic review in 2009, we reaffirmed these goals, which will continue to guide Horizons' work for the next five years as well.



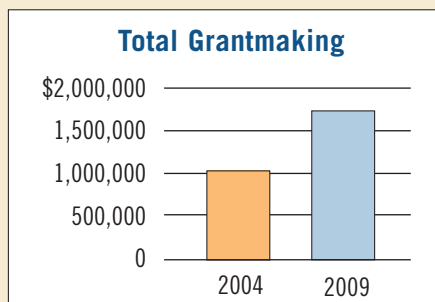
Horizons' Legacy Circle recognizes donors who have let us know that their estate plans include a bequest or other planned gift to the foundation. This group grew from 65 members in 2004 to 185 members in 2009.



The LGBT Community Endowment Fund of Horizons Foundation has more than tripled since 2004 thanks to bequests we've received. Due to the careful oversight of the Investment Committee and Horizons' professional fund managers, the Endowment Fund also outperformed the benchmark S&P 500 by 16% during the 2008–2009 market slide.



Net assets include the total assets of the foundation after deducting all liabilities. They are an indication of the overall financial capacity of an organization. Horizons' net assets have more than tripled since the benchmark year 2004 due to growth in the Endowment Fund and the addition of new donor-advised funds.



Horizons' grantmaking increased by 59% from 2004 to 2009.



## Vision

Horizons Foundation envisions a world where all people live free from prejudice and discrimination and where lesbian, gay, bisexual, and transgender people contribute to and thrive in a vibrant, diverse, giving, and compassionate community.

## Mission

A community foundation rooted in and dedicated to the lesbian, gay, bisexual, and transgender community, Horizons Foundation exists to:

- Mobilize and increase resources for the LGBT movement and organizations that secure the rights, meet the needs, and celebrate the lives of LGBT people
- Empower individual donors and promote giving as an integral part of a healthy, compassionate community
- Steward a permanently endowed fund through which donors can make legacy gifts to ensure our community's capacity to meet the future needs of LGBT people



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