

**horizons foundation**

*Fueling the LGBT Movement*

**HORIZONS FOUNDATION**

**(A California Not-For-Profit Corporation)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND DECEMBER 31, 2014**



# **HORIZONS FOUNDATION**

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## Independent Auditors' Report

Board of Directors  
Horizons Foundation

We have audited the accompanying financial statements of Horizons Foundation (a California not-for-profit organization), which comprise the statements of financial position as of December 31, 2015 and December 31, 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Horizons Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons Foundation as of December 31, 2015 and December 31, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "RINA accountancy corporation".

Certified Public Accountants

San Francisco, California  
May 23, 2016

# HORIZONS FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
ASSETS:		
Cash and cash equivalents	\$ 822,873	\$ 556,923
Investments	13,654,280	14,613,885
Grants receivable	25,000	125,212
Bequests receivable	70,000	67,322
Pledges receivable	-	10,000
Other receivables	36,201	47,286
Prepaid expenses	25,464	40,954
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	14,633,818	15,461,582
Investments restricted for long-term purposes	7,414,621	7,654,884
Property and equipment, net	124,453	140,498
Deposits and other assets	23,114	23,613
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 22,196,006</u>	<u>\$ 23,280,577</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Grants payable	\$ 98,500	\$ 222,975
Accounts payable and accrued expenses	51,765	50,986
Accrued paid leave	96,745	63,645
Agency funds	571,924	462,713
Deferred rent	4,924	12,131
	<hr/>	<hr/>
TOTAL LIABILITIES (ALL CURRENT)	823,858	812,450
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted	13,691,352	14,305,208
Temporarily restricted	1,550,335	2,045,346
Permanently restricted	6,130,461	6,117,573
	<hr/>	<hr/>
TOTAL NET ASSETS	21,372,148	22,468,127
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,196,006</u>	<u>\$ 23,280,577</u>

See notes to financial statements.

# HORIZONS FOUNDATION

## STATEMENT OF ACTIVITIES

### YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING REVENUE AND SUPPORT:</b>				
Support:				
Contributions from individuals	\$ 2,952,818	\$ 1,000	\$ 11,888	\$ 2,965,706
Foundation and corporation grants	183,881	360,000	1,000	544,881
Organizations	33,894	-	-	33,894
Bequests	572,198	-	-	572,198
Fundraising event income	374,047	-	-	374,047
Fundraising event expense	(210,338)	-	-	(210,338)
Fundraising event, net	163,709	-	-	163,709
Net assets released from restrictions	832,711	(832,711)	-	-
Total support	4,739,211	(471,711)	12,888	4,280,388
Revenue:				
Fee income	447	-	-	447
Interest and dividends	196,352	153,342	-	349,694
Net gain (loss) from investments	(130,435)	(176,642)	-	(307,077)
Other income	5,817	-	-	5,817
Total revenue	72,181	(23,300)	-	48,881
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>4,811,392</b>	<b>(495,011)</b>	<b>12,888</b>	<b>4,329,269</b>
<b>OPERATING EXPENSES:</b>				
Program expenses:				
Grantmaking	3,886,693	-	-	3,886,693
Capacity building	68,267	-	-	68,267
Promoting philanthropy	596,176	-	-	596,176
Total program services	4,551,136	-	-	4,551,136
Supporting services:				
Management and general	395,650	-	-	395,650
Fundraising	478,461	-	-	478,461
Total supporting services	874,111	-	-	874,111
<b>TOTAL OPERATING EXPENSES</b>	<b>5,425,247</b>	<b>-</b>	<b>-</b>	<b>5,425,247</b>
<b>CHANGE IN NET ASSETS</b>	<b>(613,855)</b>	<b>(495,011)</b>	<b>12,888</b>	<b>(1,095,978)</b>
NET ASSETS, beginning of year	14,305,208	2,045,346	6,117,573	22,468,127
NET ASSETS, end of year	\$ 13,691,352	\$ 1,550,335	\$ 6,130,461	\$ 21,372,148

See notes to financial statements.

# HORIZONS FOUNDATION

## STATEMENT OF ACTIVITIES

### YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING REVENUE AND SUPPORT:</b>				
Support:				
Contributions from individuals	\$ 2,174,338	\$ -	\$ 6,935	\$ 2,181,273
Foundation and corporation grants	292,309	985,000	-	1,277,309
Organizations	154,732	-	-	154,732
Bequests	169,237	-	-	169,237
Fundraising event income	269,641	-	-	269,641
Fundraising event expense	(172,537)	-	-	(172,537)
Fundraising event, net	97,104	-	-	97,104
Net assets released from restrictions	536,799	(536,799)	-	-
Total support	3,424,519	448,201	6,935	3,879,655
Revenue:				
Fee income	9,864	-	-	9,864
Interest and dividends	181,621	136,525	-	318,146
Net gain from investments	704,243	326,509	-	1,030,752
Other income	4,563	-	-	4,563
Total revenue	900,291	463,034	-	1,363,325
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>4,324,810</b>	<b>911,235</b>	<b>6,935</b>	<b>5,242,980</b>
<b>OPERATING EXPENSES:</b>				
Program expenses:				
Grantmaking	2,381,698	-	-	2,381,698
Capacity building	57,229	-	-	57,229
Promoting philanthropy	280,096	-	-	280,096
Total program services	2,719,023	-	-	2,719,023
Supporting services:				
Management and general	310,982	-	-	310,982
Fundraising	415,598	-	-	415,598
Total supporting services	726,580	-	-	726,580
<b>TOTAL OPERATING EXPENSES</b>	<b>3,445,603</b>	<b>-</b>	<b>-</b>	<b>3,445,603</b>
<b>CHANGE IN NET ASSETS</b>	<b>879,207</b>	<b>911,235</b>	<b>6,935</b>	<b>1,797,377</b>
NET ASSETS, beginning of year	13,426,001	1,134,111	6,110,638	20,670,750
NET ASSETS, end of year	\$ 14,305,208	\$ 2,045,346	\$ 6,117,573	\$ 22,468,127

See notes to financial statements.

## HORIZONS FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

#### YEAR ENDED DECEMBER 31, 2015

	Grantmaking	Capacity Building	Promoting Philanthropy	Management and General	Fundraising	Shared Expenses	Total
Grants	\$ 3,266,984	\$ 7,000	\$ 65,000	\$ -	\$ -	\$ -	\$ 3,338,984
Personnel:							
Salaries	191,334	36,598	83,744	225,692	201,859	79,434	818,661
Payroll taxes	14,681	2,792	6,428	14,693	15,525	6,056	60,175
Employee benefits	22,301	3,756	9,456	29,647	25,497	9,263	99,920
Total personnel	228,316	43,145	99,628	270,032	242,881	94,753	978,755
Professional services	152,085	9,750	250,216	26,904	36,363	20,250	495,568
Travel	66,627	118	32,609	82	11,825	1,985	113,246
Investment fees	88,969	-	-	1,820	-	-	90,789
Meeting expense and supplies	13,375	510	8,130	351	48,570	6,921	77,857
Occupancy	-	-	-	-	-	76,557	76,557
Printing	5,778	-	1,165	161	44,994	9,940	62,038
Depreciation	-	-	-	-	-	36,791	36,791
Promotion	19,302	-	5,318	-	505	-	25,125
Computer equipment & software	-	-	-	1,120	-	22,136	23,256
Postage	665	-	-	268	16,071	4,821	21,825
Merchant service fees	-	-	-	19,705	2	-	19,707
Computer repairs	-	-	-	-	-	13,221	13,221
Dues and subscriptions	830	-	6,528	415	2,440	1,117	11,330
Telephone	144	-	25	608	404	8,395	9,576
Board support	-	500	-	8,151	-	-	8,651
Staff development	628	113	232	914	4,781	162	6,830
Insurance	-	-	-	-	-	5,276	5,276
Equipment rental and maintenance	-	-	54	-	-	4,819	4,873
Bank fees	-	-	-	2,677	-	-	2,677
Interest expense	-	-	-	1,275	-	-	1,275
Recruiting	-	-	-	-	710	-	710
Permits, licenses and property taxes	-	-	-	325	5	-	330
Allocation of communications	-	-	105,776	16,132	-	(121,908)	-
Allocation of shared expenses	42,990	7,131	21,495	44,710	68,910	(185,236)	-
Total other expenses	391,393	18,122	431,548	125,618	235,580	(94,753)	1,107,508
Total functional expenses	\$ 3,886,693	\$ 68,267	\$ 596,176	\$ 395,650	\$ 478,461	\$ -	\$ 5,425,247

See notes to financial statements.

## HORIZONS FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

#### YEAR ENDED DECEMBER 31, 2014

	Grantmaking	Capacity Building	Promoting Philanthropy	Management and General	Fundraising	Shared Expenses	Total
Grants	\$ 1,804,911	\$ -	\$ 17,500	\$ -	\$ -	\$ -	\$ 1,822,411
Personnel:							
Salaries	171,776	33,973	71,355	169,136	173,070	54,493	673,803
Payroll taxes	13,588	2,691	5,630	13,346	13,548	4,231	53,034
Employee benefits	21,720	3,563	9,193	26,237	22,900	5,560	89,173
Total personnel	207,084	40,227	86,178	208,719	209,518	64,284	816,010
Professional services	155,877	10,250	35,215	25,829	62,528	2,250	291,949
Travel	68,526	120	19,821	50	9,488	1,723	99,728
Investment fees	89,477	-	-	41	103	-	89,621
Meeting expense and supplies	8,572	1,149	32,751	1,169	27,602	11,017	82,260
Occupancy	-	-	-	-	-	71,686	71,686
Printing	1,151	-	633	-	38,686	5,273	45,743
Promotion	11,150	-	5,478	-	814	5,500	22,942
Postage	517	-	92	181	15,366	4,728	20,884
Merchant service fees	-	-	-	15,183	(45)	-	15,138
Computer repairs	-	-	-	-	-	12,871	12,871
Telephone	2,710	21	51	382	305	8,251	11,720
Dues and subscriptions	-	-	7,115	459	1,299	252	9,125
Depreciation	-	-	-	-	-	7,994	7,994
Insurance	-	-	-	1,473	-	5,279	6,752
Interest expense	-	-	-	6,428	-	8	6,436
Board support	-	-	-	3,851	-	-	3,851
Equipment rental and maintenance	-	-	-	-	-	3,053	3,053
Bank fees	-	-	-	2,536	-	-	2,536
Computer equipment & software	-	-	-	595	186	456	1,237
Staff development	-	-	884	-	-	-	884
Discretionary	425	-	-	-	-	-	425
Permits, licenses and property taxes	-	-	94	253	-	-	347
Allocation of communications	-	-	59,221	9,640	-	(68,861)	-
Allocation of shared expenses	31,298	5,462	15,063	34,193	49,748	(135,764)	-
Total other expenses	369,703	17,002	176,418	102,263	206,080	(64,284)	807,182
Total functional expenses	\$ 2,381,698	\$ 57,229	\$ 280,096	\$ 310,982	\$ 415,598	\$ -	\$ 3,445,603

See notes to financial statements.



# HORIZONS FOUNDATION

## STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2015</u>	<u>Year Ended</u> <u>December 31, 2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (1,095,978)	\$ 1,797,377
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	36,791	7,994
Permanently restricted contributions	(12,888)	(6,935)
Net realized and unrealized (gains) losses on investments	307,077	(1,030,751)
Donated securities	(629,782)	(1,328,451)
Changes in operating assets and liabilities:		
Receivables	118,619	(62,584)
Prepaid expenses	15,490	(18,075)
Grants payable	(124,475)	32,868
Accounts payable and accrued expenses	33,879	5,606
Agency funds	109,211	37,957
Deferred rent	(7,207)	(4,568)
Deferred revenue	-	(2,989)
	<u>(1,249,263)</u>	<u>(572,551)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(3,264,414)	(1,504,742)
Purchases of equipment	(20,747)	(137,486)
Proceeds from sale and maturities of investments	4,786,987	2,619,589
Deposits	499	314
	<u>1,502,325</u>	<u>977,675</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital leases	-	(508)
Permanently restricted contributions received	12,888	6,935
	<u>12,888</u>	<u>6,427</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	<b>265,950</b>	<b>411,551</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>556,923</b>	<b>145,372</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 822,873</b>	<b>\$ 556,923</b>
<b>Supplemental information:</b>		
Interest paid	\$ 8,651	\$ 6,436

See notes to financial statements.

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

#### **Note 1. ORGANIZATION:**

Horizons Foundation (the Foundation) is a public community foundation created in 1980. The Foundation is dedicated to serving the lesbian, gay, bisexual and transgender (LGBT) community primarily within the nine-county San Francisco Bay Area. The Foundation's principal objectives are to encourage philanthropic activism within and for the LGBT community and to provide financial and technical assistance for nonprofit organizations serving the LGBT community.

The Foundation's office is located in San Francisco, California, and its activities are primarily supported by contributions and grants from individuals, private foundations and corporations.

#### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following is a summary of the significant accounting policies followed in the preparation of the accompanying financial statements:

- a) Cash and Cash Equivalents - For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- b) Investments - Investments are recorded at fair value. Investments received through gifts are recorded at the estimated fair value at the date of donation. Investment income and net gains and losses from investment of permanently restricted gifts are reported as increases in temporarily restricted net assets until appropriated by the Board of Directors or spent for their restricted purposes.
- c) Grants, Bequests, and Pledges Receivable - These receivables represent unconditional commitments receivable in future periods stated at the net realizable amount that management expects to collect. Management uses specific identification method for establishing an allowance for uncollectible receivables. No allowance was deemed necessary at December 31, 2015 and December 31, 2014. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.
- d) Fixed Assets and Depreciation - All acquisitions of property and equipment in excess of \$1,000 are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets, generally three to seven years, using the straight-line method of depreciation.
- e) Agency Funds - Agency funds represent funds transferred to the Foundation by other nonprofit organizations that have specified themselves as the beneficiary. These funds are accounted for as assets and liabilities on the financial statements. However, the Foundation maintains legal ownership of the assets and has variance power.
- f) Income Tax Status - The Foundation is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code section of the California Revenue and Taxation Code, is subject to income tax. Effective January 1, 2009 the Foundation adopted the FASB guidance on Accounting for Uncertainty in Income Taxes. The Foundation takes the position that its activities continue to be directly related to its tax exempt purpose, and it consequently did not recognize any increase or decrease in liability for unrecognized tax benefits taken in the current or prior periods.

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

#### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- g) Basis of Presentation - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, current support and net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations, including \$11,941,881 and \$13,203,336 at December 31, 2015 and 2014, respectively, in donor advised funds. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion over the use of these funds lies with the Board of Directors. Unrestricted net assets also include \$840,454 and \$651,741 at December 31, 2015 and 2014, respectively, in other named funds that are also not subject to donor-imposed restrictions. Thus, such funds represent unrestricted net assets to the Foundation.

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. As described in Note 2b above, this class of net assets also includes un-appropriated unrestricted earnings on the Foundation's permanently restricted funds.

Permanently restricted net assets are restricted by the donor for investment in perpetuity. The income from such invested assets, including net realized and unrealized gains is available to support the activities of the Foundation.

- h) Basis of Accounting - The financial statements of the Foundation have been prepared using the accrual method of accounting whereby income is recorded when earned and expenses when incurred.
- i) Restricted and Unrestricted Income - Contributions are reported as income when received or when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities.

The Foundation reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

- j) Allocation of Expenses - The Foundation allocates two types of costs to its program and supporting activities: shared and communications. Shared costs, primarily related to the operation and maintenance of the office facility, are allocated based on the number of full-time equivalent positions in each activity; communications costs are allocated based on management's estimate of benefit derived from various communication activities, such as E-news, Insider Briefings, Press releases, events, etc.

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- k) Grants to Others - Grants are recorded as expenses after they are approved by the Board of Directors and grant agreements are executed. Grants payable represents the present value of future commitments of the Foundation.
- l) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and 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. Significant accounting estimates reflected in the Foundation's financial statements include valuation of investments, valuation of grants receivable, and the functional allocation of expenses. Actual results could differ from those estimates.

**Note 3. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and investments. The Foundation places its cash and investments with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Foundation has not experienced any losses in such accounts.

**Note 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:**

Professional accounting standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. All assets have been valued using a market approach. There were no changes in the valuations techniques during the current year.

<u>December 31, 2015</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Total</u>
Cash and money market	\$ 4,568,573	\$ -	\$ 4,568,573
Trading securities	8,863,815	-	8,863,815
Mutual funds	2,450,783	-	2,450,783
Fixed income	-	5,185,730	5,185,730
Totals	<u>\$ 15,883,171</u>	<u>\$ 5,185,730</u>	<u>\$ 21,068,901</u>

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

**Note 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):**

December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and money market	\$ 3,845,455	\$ -	\$ 3,845,455
Trading securities	10,127,876	-	10,127,876
Mutual funds	2,947,977	-	2,947,977
Fixed income	-	5,347,461	5,347,461
Totals	\$ 16,921,308	\$ 5,347,461	\$ 22,268,769

**Note 5. GRANTS, BEQUESTS AND PLEDGES RECEIVABLE:**

Grants, bequests and pledges are expected to be realized in the following periods:

	December 31,	
	2015	2014
In one year or less	\$ 95,000	\$ 202,534
Between one and five years	-	-
Totals	\$ 95,000	\$ 202,534

Bequests receivable at December 31, 2015 include unconditional promises from one individual. Pledges receivable at December 31, 2015 includes an unconditional promise from one foundation.

**Note 6. PROPERTY AND EQUIPMENT:**

Property and equipment consisted of:

	December 31,	
	2015	2014
Furniture and equipment	\$ 71,071	\$ 105,090
Software and website	169,391	149,656
Leasehold improvements	1,800	1,800
Accumulated depreciation	(117,809)	(116,048)
Totals	\$ 124,453	\$ 140,498

Depreciation expense was \$36,791 and \$7,994 for the years ended December 31, 2015 and 2014, respectively.

**Note 7. RETIREMENT PLAN:**

The Foundation provides a defined contribution retirement plan to all of its employees under Section 403(b) of the Internal Revenue Code. The Foundation made contributions to this plan of \$23,966 and \$16,699 during the years ended December 31, 2015 and 2014, respectively. During the year ended December 31, 2015, the Board raised the discretionary employer matching contribution from a ceiling of 4% to 10%.

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

**Note 8. LINE OF CREDIT:**

The Foundation has a secured line of credit from a financial institution in the amount of \$375,000. The security for this line of credit includes all equipment, inventory, accounts and investments and the annual interest rate is prime rate of the bank plus 1.25%. The balance of this line of credit was \$0 at December 31, 2015 and 2014.

**Note 9. ACCRUED EXPENSES:**

Accrued liabilities consist of the following at December 31:

	2015	2014
Accounts payable	\$ 44,525	\$ 43,893
Other accrued liabilities	7,240	7,093
	<u>\$ 51,765</u>	<u>\$ 50,986</u>

**Note 10. UNRESTRICTED NET ASSETS:**

Unrestricted net assets consisted of the following:

	December 31,	
	2015	2014
Available for operations	\$ 905,004	\$ 443,825
Designated as endowment	9,555	9,555
Donor advised funds and other named funds	12,782,335	13,855,077
Underwater endowment funds	(5,542)	(3,249)
Totals	<u>\$ 13,691,352</u>	<u>\$ 14,305,208</u>

**Note 11. TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets were available for the following purposes:

	December 31,	
	2015	2014
Leadership development	\$ 18,000	\$ 18,000
Endowed funds	708,224	1,073,393
LGBT giving	329,756	450,273
LGBT grant-making	26,000	-
LGBT research	205,855	231,180
Planned giving	37,500	87,500
Capacity building	225,000	185,000
Totals	<u>\$ 1,550,335</u>	<u>\$ 2,045,346</u>

For the year ended December 31, 2015, there were temporarily restricted contributions of \$361,000, net assets released from restriction in satisfaction of purpose restrictions of \$832,711 and net investment losses of \$23,300. For the year ended December 31, 2014, there were temporarily restricted contributions of \$985,000, net assets released from restrictions in satisfaction of purpose restrictions of \$536,799 and net investment gains of \$463,034.

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

#### Note 12. ENDOWMENT FUNDS:

Permanently restricted net assets consist of the Foundation's Endowment Fund (the Endowment), whose purpose is to provide support in meeting the operating and program needs of the Foundation.

The Board of Directors of Horizons Foundation has interpreted the State laws as requiring the preservation of the fair value of the original gift (historical value) as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result, there are three classes of donor restricted endowment net assets: The permanently restricted amount includes original and subsequent donations, and accumulations of net income to the permanent endowment when prescribed by the donor. The remaining net income portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in accordance with the Foundation's spending policy. The amounts allocated as unrestricted net assets are due to funds with deficiencies. From time to time, the funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations. The Foundation has adopted investment and spending policies, approved by its Board of Directors, for its endowment funds as follows:

*Spending Policy* – The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value of the previous twelve quarters, measured by market value at the end of each quarter. If a donor's gift instrument expressly allows the spending of additional amounts or expressly allows the invasion of principal in certain circumstances, the Foundation may spend such amounts. The Foundation distributed \$341,867 and \$267,751 of its endowment fund for the years ended December 31, 2015 and 2014, respectively, which is approximately 5% of the endowment fund's average fair value of the applicable previous twelve quarters.

*Investment Return Objectives, Risk Parameters and Strategies* – The Foundation's investment policy for its endowment assets adhere to a) preservation and safety of principal; and b) capital appreciation and income. Over the long term, the investment process seeks to achieve total return equal to or exceeding that of a benchmark portfolio consisting of 60% equities and 40% fixed income. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund's investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund was as follows:

<u>December 31, 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	\$ -	\$ 708,224	\$ 6,130,461	\$ 6,838,685
Underwater endowment funds	(5,542)	-	-	(5,542)
Board designated	<u>9,555</u>	<u>-</u>	<u>-</u>	<u>9,555</u>
Totals	<u>\$ 4,013</u>	<u>\$ 708,224</u>	<u>\$ 6,130,461</u>	<u>\$ 6,842,698</u>

# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

**Note 12. ENDOWMENT FUNDS (Continued):**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ -	\$ 1,073,392	\$ 6,117,573	\$ 7,190,965
Underwater endowment funds	(3,249)	-	-	(3,249)
Board designated	<u>9,555</u>	<u>-</u>	<u>-</u>	<u>9,555</u>
 Totals	 <u>\$ 6,306</u>	 <u>\$ 1,073,392</u>	 <u>\$ 6,117,573</u>	 <u>\$ 7,197,271</u>

Changes in endowment net assets for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 6,306	\$ 1,073,392	\$ 6,117,573	\$ 7,197,271
Investment return:				
Interest and dividends	-	153,341	-	153,341
Net gains (realized and unrealized)	<u>(2,293)</u>	<u>(176,642)</u>	<u>-</u>	<u>(178,935)</u>
Total investment return	(2,293)	(23,301)	-	(25,594)
Contributions	-	-	12,888	12,888
Appropriation of endowment for expenditures	<u>-</u>	<u>(341,867)</u>	<u>-</u>	<u>(341,867)</u>
 Endowment net assets, ending	 <u>\$ 4,013</u>	 <u>\$ 708,224</u>	 <u>\$ 6,130,461</u>	 <u>\$ 6,842,698</u>

Changes in endowment net assets for the year ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 5,357	\$ 878,109	\$ 6,110,638	\$ 6,994,104
Investment return:				
Interest and dividends	949	136,525	-	137,474
Net gains (realized and unrealized)	<u>-</u>	<u>326,509</u>	<u>-</u>	<u>326,509</u>
Total investment return	949	463,034	-	463,983
Contributions	-	-	6,935	6,935
Appropriation of endowment for expenditures	<u>-</u>	<u>(267,751)</u>	<u>-</u>	<u>(267,751)</u>
 Endowment net assets, ending	 <u>\$ 6,306</u>	 <u>\$ 1,073,392</u>	 <u>\$ 6,117,573</u>	 <u>\$ 7,197,271</u>



# HORIZONS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

**Note 13. FUNDRAISING EVENT INCOME:**

The following is a summary of revenue and expenses related to the Foundation's fundraising events:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Revenues and contributions:		
Donations and sponsorships	\$ 165,229	\$ 80,700
Tickets sales and auction revenue	<u>208,818</u>	<u>188,941</u>
Total revenues and contributions	374,047	269,641
Donor advised fund donations	<u>31,875</u>	<u>16,775</u>
Total	405,922	286,416
Expenses	<u>210,338</u>	<u>172,537</u>
Net income from fundraising event	<u>\$ 195,584</u>	<u>\$ 113,879</u>

**Note 14. COMMITMENTS UNDER OPERATING LEASES:**

The Foundation entered into a non-cancelable lease agreement for its office facility. The Organization also leases certain equipment under non-cancelable operating lease arrangements. The minimum future payments on these lease arrangements at December 31, 2015 were as follows:

<u>Year Ending</u> <u>December 31,</u>	
2016	<u>\$ 37,692</u>

Total rent expense during the years ended December 31, 2015 and 2014 was \$76,557 and \$71,686, respectively.

**Note 15. SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through May 23, 2016, the date on which the financial statements were available to be issued, and determined that the following should be disclosed:

During the year ended December 31, 2015, the Foundation received \$348,000 in unrestricted bequests. On March 16, 2016 the Board designated \$50,000 of that amount for grantmaking, \$75,000 for an operating reserve, \$75,000 for the LGBT Community Endowment and \$25,000 for its Give Out Day program. The remaining \$123,000 will remain unrestricted.