



HORIZONS FOUNDATION
(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



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 corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 June 30, 2020, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in the Statement of Activities for the 12-month period ended June 30, 2019 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RINA Accountancy LLP

Certified Public Accountants

San Francisco, California
February 9, 2021

HORIZONS FOUNDATION

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2020

ASSETS

CURRENT:

Cash and cash equivalents	\$	694,060
Investments		20,886,653
Grants receivable		101,992
Bequests receivable		250,000
Loan receivable		66,608
Other receivables		1,922
Prepaid expenses		27,565

TOTAL CURRENT ASSETS 22,028,800

PROPERTY AND EQUIPMENT, net 26,042

OTHER:

Investments restricted for long-term purposes		13,781,214
Deposits and other assets		18,816

TOTAL ASSETS \$ 35,854,872

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Grants payable	\$	161,000
Accounts payable and accrued expenses		72,025
Accrued paid leave		110,541
Agency funds		449,313
Deferred revenue		85,500
Payroll Protection Program loan		31,804

TOTAL LIABILITIES (ALL CURRENT) 910,183

NET ASSETS:

Without donor restrictions		21,026,702
With donor restrictions		13,917,987

TOTAL NET ASSETS 34,944,689

TOTAL LIABILITIES AND NET ASSETS \$ 35,854,872

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND OPERATING REVENUE :			
SUPPORT:			
Contributions from individuals	\$ 4,608,907	\$ 169,682	\$ 4,778,589
Foundation and corporation grants	93,185	1,210,028	1,303,213
Organizations	1,000	-	1,000
Bequests	85,130	-	85,130
Government grant	213,751	-	213,751
	<u>5,001,973</u>	<u>1,379,710</u>	<u>6,381,683</u>
Fundraising event income	362,257	-	362,257
Fundraising event expense	(199,841)	-	(199,841)
Fundraising event, net	<u>162,416</u>	<u>-</u>	<u>162,416</u>
Net assets released from restrictions	<u>1,523,914</u>	<u>(1,523,914)</u>	<u>-</u>
Total support	<u>6,688,303</u>	<u>(144,204)</u>	<u>6,544,099</u>
OPERATING REVENUE:			
Fee income	1,073	-	1,073
Investment income, net of fees	703,514	454,863	1,158,377
Other income	3,701	-	3,701
Total revenue	<u>708,288</u>	<u>454,863</u>	<u>1,163,151</u>
TOTAL SUPPORT AND OPERATING REVENUE	<u>7,396,591</u>	<u>310,659</u>	<u>7,707,250</u>
OPERATING EXPENSES:			
Program expenses:			
Grantmaking	6,360,795	-	6,360,795
Capacity building	65,092	-	65,092
Promoting philanthropy	823,948	-	823,948
Total program services	<u>7,249,835</u>	<u>-</u>	<u>7,249,835</u>
Supporting services:			
Management and general	446,244	-	446,244
Fundraising	545,771	-	545,771
Total supporting services	<u>992,015</u>	<u>-</u>	<u>992,015</u>
TOTAL OPERATING EXPENSES	<u>8,241,850</u>	<u>-</u>	<u>8,241,850</u>
CHANGE IN NET ASSETS	(845,259)	310,659	(534,600)
NET ASSETS, beginning of year	<u>21,871,961</u>	<u>13,607,328</u>	<u>35,479,289</u>
NET ASSETS, end of year	<u>\$ 21,026,702</u>	<u>\$ 13,917,987</u>	<u>\$ 34,944,689</u>

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Total
	Grantmaking	Capacity Building	Promoting Philanthropy	Management and General	Fundraising	Shared Expenses	
Grants	\$ 5,806,076	\$ -	\$ 90,500	\$ -	\$ -	\$ -	\$ 5,896,576
PERSONNEL:							
Salaries	283,197	33,486	453,356	263,010	261,626	62,302	1,356,977
Payroll taxes	20,076	2,393	32,257	18,712	18,761	5,227	97,426
Employee benefits	31,971	3,986	51,430	12,519	30,640	7,102	137,648
Total personnel	335,244	39,865	537,043	294,241	311,027	74,631	1,592,051
OTHER:							
Occupancy	-	-	-	-	-	173,359	173,359
Professional services	5,536	18,700	26,689	45,866	39,709	31,234	167,734
Donor cultivation events	-	-	13,421	-	54,343	-	67,764
SaaS Subscriptions/ Licenses	22,825	-	-	6,405	5,458	16,230	50,918
Travel	31,914	-	3,434	497	4,632	-	40,477
Merchant service fees	12,618	-	-	21,646	-	-	34,264
Printing and design	395	-	8,250	-	10,274	11,754	30,673
Community events	20,889	-	4,625	-	-	-	25,514
Depreciation	3	-	-	-	-	21,607	21,610
Recruitment	-	-	-	-	19,293	-	19,293
Meeting expense and supplies	1,261	164	291	919	2,219	13,677	18,531
Postage	-	-	-	7	14,222	2,876	17,105
Dues and subscriptions	5,000	-	8,500	150	1,385	542	15,577
Promotion	-	-	8,252	-	2,768	2,391	13,411
Telephone	355	-	-	83	35	12,228	12,701
Insurance	-	-	-	2,177	-	10,269	12,446
Board support	-	-	-	7,464	-	-	7,464
Meals and entertainment	338	-	118	86	3,662	1,677	5,881
Staff development	50	-	-	170	80	4,578	4,878
Equipment rental and maintenance	-	-	-	-	-	4,549	4,549
Legal	2,668	-	-	388	-	-	3,056
Permits, licenses and property taxes	1,414	-	-	1,389	20	-	2,823
Bank fees	-	-	-	2,011	-	-	2,011
Branded collateral	-	-	-	-	293	891	1,184
Allocation of communications	30,329	1,690	11,447	16,733	41,445	(101,644)	-
Allocation of shared expenses	83,880	4,673	111,378	46,012	34,906	(280,849)	-
Total other expenses	219,475	25,227	196,405	152,003	234,744	(74,631)	753,223
Total functional expenses	\$ 6,360,795	\$ 65,092	\$ 823,948	\$ 446,244	\$ 545,771	\$ -	\$ 8,241,850

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (534,600)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	21,610
Donor restricted contributions held for long-term purposes	(105,000)
Net realized and unrealized gains on investments	(541,356)
Donated securities	(2,934,052)
Changes in operating assets and liabilities:	
Receivables	830,933
Prepaid expenses	78,549
Grants payable	84,000
Accounts payable and accrued expenses	17,211
Agency funds	7,984
Deferred revenue	74,500
Payroll Protection Program loan	31,804
	<hr/>
NET CASH USED BY OPERATING ACTIVITIES	(2,968,417)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(4,011,592)
Purchases of equipment	(17,320)
Proceeds from deposits	1,587
Proceeds from sale and maturities of investments	7,403,544
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,376,219
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CASH FLOWS FROM FINANCING ACTIVITIES:	
Donor restricted contributions held for long-term purposes	105,000
	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	105,000
	<hr/>
NET INCREASE IN CASH	512,802
CASH AND CASH EQUIVALENTS, beginning of year	181,258
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CASH AND CASH EQUIVALENTS, end of year	\$ 694,060
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See notes to financial statements.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

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, transgender and queer (LGBTQ) community primarily within the nine-county San Francisco Bay Area. The Foundation's principal objectives are to encourage philanthropic activism within and for the LGBTQ community and to provide financial and technical assistance for nonprofit organizations serving the LGBTQ 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:

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.

Basis of presentation:

The Foundation reports information regarding its financial position and its activities according to the following net asset classifications: Without donor restrictions (including board designated amounts) and with donor restrictions. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

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:

Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations, including \$19,118,106 at June 30, 2020, 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. Net assets without donor restrictions also include \$739,246 at June 30, 2020 in other named funds that are also not subject to donor-imposed restrictions. Thus, such funds represent net assets without donor restrictions to the Foundation. See Note 10 for a summary of net assets without donor restrictions as of June 30, 2020.

Net assets with donor restrictions 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. See Note 11 for a summary of net assets with donor restrictions as of June 30, 2020.

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.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

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 donor restricted gifts held for long term purposes are reported as increases in net assets with donor restrictions until appropriated by the Board of Directors or spent for their restricted purposes.

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 June 30, 2020. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment and depreciation:

All acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment 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.

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.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities.

The Foundation reports gifts of tangible 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.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

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

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.

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.

Policy on bequests without donor restrictions:

The Board adopted a policy with respect to the receipt of bequests without donor restrictions in March 2019. The first \$250,000 received may be applied to the operating fund balance or other board-approved purposes. Of the next \$250,000, a minimum of 25% will be designated for the Endowment Fund and the remainder for operations or board-approved purposes. Of the next \$1,000,000, a minimum of 50% will be designated for the Endowment Fund and the remainder for operations or board-approved purposes. With respect to the next \$3,500,000, 75% will be designated for the Endowment Fund and the remainder for operations or board-approved purposes. For any additional funds received above an annual total of \$5,000,000, 90 % will be designated to the Endowment Fund.

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.

Accounting changes:

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after December 15, 2019. Early adoption is permitted. The Foundation has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

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

Accounting changes (continued):

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) which affects any entity that enters into contracts with customers to transfer goods or services. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for annual reporting periods beginning after December 15, 2018. ASU 2014-09 has been adopted for the year ended June 30, 2020.

Subsequent events:

Management has evaluated subsequent events through February 9, 2021, the date the financial statements were available for issue

Note 3. 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 4. 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 5. LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30, 2020:

Cash and cash equivalents	\$ 694,060
Investments	20,886,653
Grants receivable	101,992
Bequests receivable	250,000
Other receivables	<u>1,922</u>
Total	21,934,627
Donor advised funds	(19,118,106)
Other named funds	<u>(739,246)</u>
Available for general expenditure	<u>\$ 2,077,275</u>

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

Note 5. LIQUIDITY AND AVAILABILITY (Continued):

Of the investments listed above, \$19,118,106 consist of donor advised funds and \$739,246 consist of other named funds. Although donor advised funds are net assets without donor restriction, the Foundation's policy is to expend those funds according to the advice of donors. For other named funds, the Foundation's policy is to spend those funds according to the advice of the sponsors of other named funds.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation's board-designated endowment of \$273,055 is subject to an annual spending rate of 5 percent as described in Note 12. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 6. 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 valuation techniques during the current year.

June 30, 2020	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Total
Cash and money market	\$ 8,264,005	\$ -	\$ 8,264,005
Trading securities	11,793,188	-	11,793,188
Mutual funds	5,858,767	-	5,858,767
Fixed income	-	8,751,907	8,751,907
Totals	\$ 25,915,960	\$ 8,751,907	\$ 34,667,867

Net investment income consisted of the following for the year ended June 30, 2020:

Dividends and interest	\$ 714,983
Realized gains	965,760
Unrealized (losses) gains	(424,404)
Investment fees	(97,962)
Total	\$ 1,158,377

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

Note 7. GRANTS, BEQUESTS AND PLEDGES RECEIVABLE:

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

	<u>June 30, 2020</u>
In one year or less	\$ 351,992
Total	<u>\$ 351,992</u>

Grants receivable at June 30, 2020 include an unconditional promise from one foundation, which comprises 28% of receivables.

Bequests receivable at June 30, 2020 include an unconditional promise from one estate, which comprises 71% of receivables.

Note 8. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30, 2020:

Furniture and equipment	\$ 116,824
Software and website	175,391
Leasehold improvements	<u>3,976</u>
	296,191
Less: accumulated depreciation	<u>(270,149)</u>
Total	<u>\$ 26,042</u>

Depreciation expense was \$21,610 for the year ended June 30, 2020.

Note 9. LINE OF CREDIT:

The Foundation has a secured line of credit from a financial institution in the amount of \$1,000,000. 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%. The balance of this line of credit was \$0 at June 30, 2020. The line of credit matures November 30, 2020.

Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consisted of the following at June 30, 2020:

Available for operations	\$ 896,295
Designated as endowment	273,055
Donor advised funds and other named funds	<u>19,857,352</u>
Total	<u>\$ 21,026,702</u>

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

Note 11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at June 30, 2020 related to the following:

	June 30, 2019	Contributions and Income	Released from Restrictions	June 30, 2020
Endowment funds -corpus	\$ 10,206,730	\$ 105,000	\$ -	\$ 10,311,730
Endowment funds -earnings	2,461,624	454,864	(663,833)	2,252,655
Purpose restricted:				
LGBT giving	186,270	322,500	(270,233)	238,537
LGBT research	124,723	-	(1,943)	122,780
Planned giving	90,075	237,500	(130,517)	197,058
Capacity building	519,437	255,027	(207,112)	567,352
ED convenings	18,469	30,000	(23,412)	25,057
Covid 19	-	429,682	(226,864)	202,818
Totals	\$ 13,607,328	\$ 1,834,573	\$ (1,523,914)	\$ 13,917,987

Note 12. ENDOWMENT FUNDS:

Endowment funds consist of the Foundation's LGBTQ Community 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 is one class of donor restricted endowment net assets: The endowment funds corpus 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 net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in accordance with the Foundation's spending policy. The amounts allocated to funds with deficiencies are classified as net assets with donor restrictions.

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 \$663,833 of its endowment fund for the year ended June 30, 2020.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

Note 12. ENDOWMENT FUNDS (Continued):

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.

The Endowment Fund is reported in “Investments restricted for long-term purposes” in the Statement of Financial Position.

Endowment net asset composition by type of fund was as follows at June 30, 2020:

June 30, 2020	Without donor Restriction	With donor Restriction	Total
Donor restricted	\$ -	\$ 12,564,385	\$ 12,564,385
Board designated	273,055	-	273,055
Totals	\$ 273,055	\$ 12,564,385	\$ 12,837,440

Changes in endowment net assets for the year ended June 30, 2020:

	Without donor Restriction	With donor Restriction	Total
Endowment net assets, beginning	\$ 85,555	\$ 12,668,354	\$ 12,753,909
Investment return:			
Interest and dividends	-	266,854	266,854
Net gains (realized and unrealized)	-	188,010	188,010
Total investment return	-	454,864	454,864
Contributions	187,500	105,000	292,500
Appropriation of endowment for expenditures	-	(663,833)	(663,833)
Endowment net assets, ending	\$ 273,055	\$ 12,564,385	\$ 12,837,440

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

Note 13. GOVERNMENT GRANT:

On April 22, 2020, the Organization received loan proceeds in the amount of \$245,555 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization has used \$213,751 of the proceeds for purposes consistent with the PPP. The Organization currently believes that its' use of the loan proceeds will meet the conditions for forgiveness of the loan. As of June 30, 2020, the Organization’s qualifying expenses were \$213,751 and that amount has been recognized as government grant income in accompanying financial statements. The remaining proceeds of \$31,804 have been reported as Payroll Protection Program loan on the Statement of Financial Position, which will be repaid to the government in accordance with the terms of the loan.

Note 14. 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 \$46,470 for the year ended June 30, 2020.

Note 15. 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 June 30, 2020 were as follows:

Year Ending June 30,	
2021	\$ 167,726
2022	464
	<u>\$ 168,190</u>

Total rent expense during the year ended June 30, 2020 was \$173,359.

Note 16. COVID-19 IMPACT:

As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact support, revenue and operating results. While the disruption is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

HORIZONS FOUNDATION

SUPPLEMENTARY INFORMATION

HORIZONS FOUNDATION

STATEMENT OF ACTIVITIES

TWELVE MONTHS ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OPERATING REVENUE:			
SUPPORT:			
Contributions from individuals	\$ 4,291,237	\$ 21,000	\$ 4,312,237
Foundation and corporation grants	109,510	417,000	526,510
Organizations	59	-	59
Bequests	1,188,545	1,134,418	2,322,963
	<u>5,589,351</u>	<u>1,572,418</u>	<u>7,161,769</u>
Fundraising event income	365,499	-	365,499
Fundraising event expense	(261,247)	-	(261,247)
	<u>104,252</u>	<u>-</u>	<u>104,252</u>
Net assets released from restrictions	1,138,388	(1,138,388)	-
	<u>6,831,991</u>	<u>434,030</u>	<u>7,266,021</u>
OPERATING REVENUE:			
Fee income	680	-	680
Investment income, net of fees	1,265,201	1,190,165	2,455,366
Other income	6,020	-	6,020
	<u>1,271,901</u>	<u>1,190,165</u>	<u>2,462,066</u>
TOTAL SUPPORT AND OPERATING REVENUE	<u>8,103,892</u>	<u>1,624,195</u>	<u>9,728,087</u>
OPERATING EXPENSES			
Program expenses:			
Grantmaking	4,615,177	-	4,615,177
Capacity building	63,816	-	63,816
Promoting philanthropy	900,253	-	900,253
	<u>5,579,246</u>	<u>-</u>	<u>5,579,246</u>
Supporting services:			
Management and general	469,977	-	469,977
Fundraising	402,228	-	402,228
	<u>872,205</u>	<u>-</u>	<u>872,205</u>
	<u>6,451,451</u>	<u>-</u>	<u>6,451,451</u>
CHANGE IN NET ASSETS	1,652,441	1,624,195	3,276,636
NET ASSETS, June 30, 2018	20,219,520	11,983,133	32,202,653
	<u>\$ 21,871,961</u>	<u>\$ 13,607,328</u>	<u>\$ 35,479,289</u>

See notes to financial statements.