



HORIZONS FOUNDATION

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021 AND 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 statements of financial position as of June 30, 2021 and June 30, 2020, 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 June 30, 2021 and June 30, 2020 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.

Certified Public Accountants

San Francisco, California
January 19, 2022

HORIZONS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
CURRENT:		
Cash and cash equivalents	\$ 1,351,054	\$ 694,060
Investments	22,709,881	20,886,653
Grants and bequests receivable	1,992	351,992
Loan receivable	66,608	66,608
Other receivables	1,922	1,922
Prepaid expenses	24,150	27,565
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TOTAL CURRENT ASSETS	24,155,607	22,028,800
PROPERTY AND EQUIPMENT, net	10,874	26,042
OTHER:		
Investments restricted for long-term purposes	17,295,195	13,781,214
Deposits and other assets	18,452	18,816
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TOTAL ASSETS	<u>\$ 41,480,128</u>	<u>\$ 35,854,872</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Grants payable	\$ 130,700	\$ 60,500
Accrued grants payable	-	100,500
Accounts payable and accrued expenses	91,988	72,025
Accrued paid leave	117,399	110,541
Agency funds	536,037	449,313
Deferred revenue	8,500	85,500
Payroll Protection Program Loan	26,554	31,804
	<hr/>	<hr/>
TOTAL LIABILITIES (ALL CURRENT)	911,178	910,183
NET ASSETS:		
Without donor restrictions	23,470,158	21,026,702
With donor restrictions	17,098,792	13,917,987
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TOTAL NET ASSETS	40,568,950	34,944,689
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,480,128</u>	<u>\$ 35,854,872</u>

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OPERATING REVENUE :			
SUPPORT:			
Contributions from individuals	\$ 5,133,332	\$ 559,114	\$ 5,692,446
Foundation and corporation grants	11,623	576,715	588,338
Organizations	101	-	101
Bequests	180,130	-	180,130
Government grant	5,326	-	5,326
	5,330,512	1,135,829	6,466,341
Fundraising event income	344,276	-	344,276
Fundraising event expense	(38,703)	-	(38,703)
Fundraising event, net	305,573	-	305,573
Net assets released from restrictions	988,740	(988,740)	-
Total support	6,624,825	147,089	6,771,914
OPERATING REVENUE:			
Fee income	500	-	500
Investment income, net of fees	2,883,404	3,033,716	5,917,120
Other income	3,826	-	3,826
Total revenue	2,887,730	3,033,716	5,921,446
TOTAL SUPPORT AND OPERATING REVENUE	9,512,555	3,180,805	12,693,360
OPERATING EXPENSES:			
Program expenses:			
Grantmaking	5,633,193	-	5,633,193
Capacity building	88,415	-	88,415
Promoting philanthropy	597,005	-	597,005
Total program services	6,318,613	-	6,318,613
Supporting services:			
Management and general	428,541	-	428,541
Fundraising	321,945	-	321,945
Total supporting services	750,486	-	750,486
TOTAL OPERATING EXPENSES	7,069,099	-	7,069,099
CHANGE IN NET ASSETS	2,443,456	3,180,805	5,624,261
NET ASSETS, beginning of year	21,026,702	13,917,987	34,944,689
NET ASSETS, end of year	\$ 23,470,158	\$ 17,098,792	\$ 40,568,950

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT:			
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
	5,001,973	1,379,710	6,381,683
Fundraising event income	362,257	-	362,257
Fundraising event expense	(199,841)	-	(199,841)
Fundraising event, net	162,416	-	162,416
Net assets released from restrictions	1,523,914	(1,523,914)	-
Total support	6,688,303	(144,204)	6,544,099
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	708,288	454,863	1,163,151
TOTAL OPERATING REVENUE AND SUPPORT	7,396,591	310,659	7,707,250
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	7,249,835	-	7,249,835
Supporting services:			
Management and general	446,244	-	446,244
Fundraising	545,771	-	545,771
Total supporting services	992,015	-	992,015
TOTAL OPERATING EXPENSES	8,241,850	-	8,241,850
CHANGE IN NET ASSETS	(845,259)	310,659	(534,600)
NET ASSETS, beginning of year	21,871,961	13,607,328	35,479,289
NET ASSETS, end of year	\$ 21,026,702	\$ 13,917,987	\$ 34,944,689

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total
	Grantmaking	Capacity Building	Promoting Philanthropy	Management and General	Fundraising	Shared Expenses	
Grants	\$ 5,190,482	\$ -	\$ 89,000	\$ -	\$ -	\$ -	\$ 5,279,482
PERSONNEL:							
Salaries	246,505	49,278	284,740	238,912	170,232	71,415	1,061,082
Payroll taxes	17,763	3,541	20,894	16,977	12,044	5,091	76,310
Employee benefits	25,976	6,001	28,659	10,291	18,084	7,414	96,425
Total personnel	290,244	58,820	334,293	266,180	200,360	83,920	1,233,817
OTHER:							
Occupancy	-	-	-	-	-	173,181	173,181
Professional services	27,142	20,400	12,132	61,024	-	39,380	160,078
SaaS Subscriptions/ Licenses	37,925	-	-	6,420	-	16,040	60,385
Printing and design	-	-	6,960	-	8,439	15,692	31,091
Merchant service fees	2,020	-	30	15,450	3,801	-	21,301
Telephone	354	-	-	2,319	-	15,481	18,154
Promotion	-	-	15,538	-	1,167	726	17,431
Dues and subscriptions	5,000	-	7,500	564	385	907	14,356
Recruitment	30	-	-	2,582	10,534	-	13,146
Depreciation	-	-	-	-	322	11,376	11,698
Insurance	-	-	-	30	-	10,628	10,658
Equipment rental and maintenance	-	-	-	-	-	5,383	5,383
Postage	293	-	-	244	3,392	828	4,757
Meeting expense and supplies	-	-	-	491	-	4,043	4,534
Legal	1,236	-	52	550	650	-	2,488
Board support	-	-	-	2,338	-	-	2,338
Bank fees	-	-	-	2,111	-	-	2,111
Permits, licenses and property taxes	475	-	-	491	-	-	966
Travel	-	-	-	940	-	-	940
Staff development	-	-	-	349	169	25	543
Meals and entertainment	-	-	-	27	230	-	257
Allocation of communications	22,604	2,665	15,228	19,253	44,716	(109,441)	(4,975)
Allocation of shared expenses	55,388	6,530	116,272	47,178	47,780	(268,169)	4,979
Total other expenses	152,467	29,595	173,712	162,361	121,585	(83,920)	555,800
Total functional expenses	\$ 5,633,193	\$ 88,415	\$ 597,005	\$ 428,541	\$ 321,945	\$ -	\$ 7,069,099

See notes to financial statements.

HORIZONS FOUNDATION

STATEMENTS 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	32,617	16,733	20,276	(101,644)	-
Allocation of shared expenses	83,880	4,673	90,208	46,012	56,075	(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

STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,624,261	\$ (534,600)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	11,698	21,610
Donor restricted contributions held for long-term purposes	(559,114)	(105,000)
Net realized and unrealized gains on investments	(5,389,213)	(541,356)
Donated securities	(4,000,442)	(2,934,052)
Changes in operating assets and liabilities:		
Grants and bequests Receivable	350,000	830,933
Prepaid expenses	3,415	78,549
Grants payable	70,200	84,000
Accounts payable and accrued expenses	(80,537)	3,401
Accrued paid leave	6,858	13,810
Agency funds	86,724	7,984
Deferred revenue	(77,000)	74,500
Payroll Protection Program Loan	(5,250)	31,804
NET CASH USED BY OPERATING ACTIVITIES	<u>(3,958,400)</u>	<u>(2,968,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,959,155)	(4,011,592)
Purchases of equipment	3,470	17,320
Proceeds from deposits	364	1,587
Proceeds from sale and maturities of investments	<u>7,011,601</u>	<u>7,403,544</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,056,280</u>	<u>3,410,859</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donor restricted contributions held for long-term purposes	<u>559,114</u>	<u>105,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>559,114</u>	<u>105,000</u>
NET INCREASE IN CASH	656,994	547,442
CASH AND CASH EQUIVALENTS, beginning of year	<u>694,060</u>	<u>146,618</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,351,054</u>	<u>\$ 694,060</u>

See notes to financial statements.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 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 \$21,221,074 and \$19,118,106 at June 30, 2021 and 2020, 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. Net assets without donor restrictions also include \$581,666 and \$739,246 at June 30, 2021 and 2020, respectively, 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, 2021.

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, 2021 and 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 - JUNE 30, 2021 AND 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, 2021. 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, 2021 AND 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 2020. 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.

Recent accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2021 with early application permitted. The Foundation is currently evaluating the impact this guidance will have on its financial statements.

Subsequent events:

Management has evaluated subsequent events through January 19, 2022, the date the financial statements were available for issue

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

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:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 1,351,054	\$ 694,060
Investments	22,709,881	20,886,653
Grants receivable	1,992	101,992
Bequests receivable	-	250,000
Other receivables	1,922	1,922
	<hr/>	<hr/>
Totals	24,064,849	21,934,627
Donor advised funds	(21,221,074)	(19,118,106)
Other named funds	(581,666)	(739,246)
	<hr/>	<hr/>
Available for general expenditure	<u>\$ 2,262,109</u>	<u>\$ 2,077,275</u>

Of the investments listed above, \$21,221,074 and \$19,118,106, respectively, consist of donor advised funds and \$581,666 and \$739,246, respectively, 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.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

Note 5. LIQUIDITY AND AVAILABILITY (Continued):

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. Financial assets are comprised of the following at June 30:

June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and money market	\$ 8,598,212	\$ -	\$ 8,598,212
Trading securities	16,482,980	-	16,482,980
Mutual funds	6,669,789	-	6,669,789
Fixed income	-	8,254,095	8,254,095
Totals	\$ 31,750,981	\$ 8,254,095	\$ 40,005,076

June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	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

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

Note 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):

Net investment income consisted of the following for the years ended June 30:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Dividends and interest	\$ 629,749	\$ 714,983
Realized gains	1,166,843	965,760
Unrealized (losses) gains	4,222,370	(424,404)
Investment fees	<u>(101,842)</u>	<u>(97,962)</u>
Totals	<u>\$ 5,917,120</u>	<u>\$ 1,158,377</u>

Note 7. GRANTS, BEQUESTS AND PLEDGES RECEIVABLE:

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
In one year or less	<u>\$ 1,992</u>	<u>\$ 351,992</u>
Totals	<u>\$ 1,992</u>	<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:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 119,355	\$ 116,824
Software and website	169,391	175,391
Leasehold improvements	<u>3,976</u>	<u>3,976</u>
	292,722	296,191
Less: accumulated depreciation	<u>(281,848)</u>	<u>(270,149)</u>
Totals	<u>\$ 10,874</u>	<u>\$ 26,042</u>

Depreciation expense was \$11,698 and \$21,610 for the years ended June 30, 2021 and 2020, respectively.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 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, 2021 and June 30, 2020. The line of credit matures March 31, 2022.

Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS:

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

	2021	2020
Available for operations	\$ 1,394,363	\$ 896,295
Designated as endowment	273,055	273,055
Donor advised funds and other named funds	21,802,740	19,857,352
Totals	\$ 23,470,158	\$ 21,026,702

Note 11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at June 30, 2021 related to the following:

	June 30, 2020	Contributions and Income	Released from Restrictions	June 30, 2021
Endowment funds -corpus	\$ 10,311,730	\$ 559,114	\$ -	\$ 10,870,844
Endowment funds -earnings	2,252,655	3,033,716	(171,021)	5,115,350
Purpose restricted:				
LGBT giving	238,537	215,000	(201,404)	252,133
LGBT research	122,780	-	(1,508)	121,272
Planned giving	197,058	25,000	(133,013)	89,045
Capacity building	567,352	286,792	(306,635)	547,509
ED convenings	25,057	35,000	(36,948)	23,109
Covid 19	202,818	14,923	(138,211)	79,530
Totals	\$ 13,917,987	\$ 4,169,545	\$ (988,740)	\$ 17,098,792

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

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

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.

Management 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 \$171,021 and \$663,833 of its endowment fund for the years ended June 30, 2021 and 2020, respectively.

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 Statements of Financial Position.

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

Note 12. ENDOWMENT FUNDS (Continued):

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

June 30, 2021	Without donor Restriction	With donor Restriction	Total
Donor restricted	\$ -	\$ 15,986,195	\$ 15,986,195
Board designated	273,055	-	273,055
Totals	\$ 273,055	\$ 15,986,195	\$ 16,259,250
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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 273,055	\$ 12,564,385	\$ 12,837,440
Investment return:			
Interest and dividends	-	248,894	248,894
Net gains (realized and unrealized)	-	2,784,822	2,784,822
Total investment return	-	3,033,716	3,033,716
Contributions	-	559,114	559,114
Appropriation of endowment for expenditures	-	(171,020)	(171,020)
Endowment net assets, ending	\$ 273,055	\$ 15,986,195	\$ 16,259,250

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND JUNE 30, 2020

Note 12. ENDOWMENT FUNDS (Continued):

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

	Without Donor Restrictions	With Donor Restrictions	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

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 \$219,343 of the proceeds for purposes consistent with the PPP through August 11, 2021. The Organization believes that its' use of the loan proceeds will meet the conditions for forgiveness of the loan. On August 11, 2021, the SBA forgave \$219,343 in principal and \$2,821 in accrued interest. The remaining proceeds of \$26,554 at June 30, 2021 have been reported as Payroll Protection Program loan on the Statements of Financial Position.

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 \$36,920 and \$46,470 for the years ended June 30, 2021 and 2020, respectively .

HORIZONS FOUNDATION

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 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, 2021 were as follows:

<u>Year Ending June 30,</u>	
2022	<u>\$ 464</u>
	<u>\$ 464</u>

Total rent expense during the years ended June 30, 2021 and June 30, 2020 was \$173,181 and \$173,359, respectively.