Center on Halsted

Financial Report
June 30, 2012

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
Center on Halsted
Chicago, Illinois

We have audited the accompanying statement of financial position of the Center on Halsted (the Center) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2011 financial statements and, in our report dated December 6, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of the Center on Halsted as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Chicago, Illinois
November 19, 2012

Center on Halsted

Statement of Financial Position
June 30, 2012 (With Comparative Totals for 2011)

	2012	2011
Assets		
Cash	$ 150,230	$ 12,801
Investments	1,881,260	1,907,325
Grants and other receivables	681,310	674,454
Pledges receivable	1,678,965	1,805,969
Prepaid expenses and deposits	254,111	168,575
Property and equipment, net	19,977,004	20,210,045
Other assets	480,229	483,162
	$ 25,103,109	$ 25,262,331
Liabilities and Net Assets		
Accounts payable	$ 344,861	$ 129,760
Accrued expenses	52,025	51,940
Line of credit	445,000	-
Deferred revenue	48,474	96,428
Advances on tenant contract	4,000,000	4,200,000
Long-term debt	1,730,907	1,730,907
	6,621,267	6,209,035
Net Assets		
Unrestricted		
Board designated	1,881,260	1,907,325
Undesignated	14,691,617	15,265,002
Total unrestricted	16,572,877	17,172,327
Temporarily restricted	1,783,965	1,880,969
Permanently restricted	125,000	-
	18,481,842	19,053,296
	$ 25,103,109	$ 25,262,331

See Notes to Financial Statements.

Center on Halsted

Statement of Activities
Year Ended June 30, 2012 (With Comparative Totals for 2011)

	Unrestricted						
	Operating	Property and Equipment	Total	Temporarily Restricted	Permanently Restricted	2012	2011
Revenue:							
Individual contributions, net	$ 615,402	$ -	$ 615,402	$ -	$ -	$ **615,402**	$ 558,881
Foundation and corporate contributions, net	564,919	-	564,919	105,000	125,000	**794,919**	649,599
Government grants	2,075,473	-	2,075,473	-	-	**2,075,473**	1,693,983
Program service fees	177,156	-	177,156	-	-	**177,156**	158,178
Investment income	58,073	-	58,073	-	-	**58,073**	57,203
Special events, net of direct expenses of $413,967 and $263,535 for 2012 and 2011, respectively	325,645	-	325,645	-	-	**325,645**	377,199
In-kind revenue, donated	32,851	-	32,851	-	-	**32,851**	4,609
Rental income	497,221	-	497,221	-	-	**497,221**	489,580
Other income	4,321	-	4,321	-	-	**4,321**	9,195
Net assets released from restrictions	202,004	-	202,004	(202,004)	-	-	-
	4,553,065	-	4,553,065	(97,004)	125,000	**4,581,061**	3,998,427
Expenses:							
Program services	3,586,225	399,171	3,985,396	-	-	**3,985,396**	3,594,815
Management and general	611,693	187,729	799,422	-	-	**799,422**	598,169
Development	283,420	10,650	294,070	-	-	**294,070**	260,213
	4,481,338	597,550	5,078,888	-	-	**5,078,888**	4,453,197
Increase (decrease) in net assets before unrealized gain (loss) on investments	71,727	(597,550)	(525,823)	(97,004)	125,000	**(497,827)**	(454,770)
Unrealized gain (loss) on investments	(73,627)	-	(73,627)	-	-	**(73,627)**	362,847
Increase (decrease) in net assets	(1,900)	(597,550)	(599,450)	(97,004)	125,000	**(571,454)**	(91,923)
Net assets:							
Beginning of year	17,172,327	-	17,172,327	1,880,969	-	**19,053,296**	19,145,219
End of year	$ 17,170,427	$ (597,550)	$ 16,572,877	$ 1,783,965	$ 125,000	$ **18,481,842**	$ 19,053,296

See Notes to Financial Statements.

Center on Halsted

Statement of Functional Expenses
Year Ended June 30, 2012 (With Comparative Totals for 2011)

	Program Services								
	HIV Services	Mental Health Services	Youth Services	Education & Victim Advocacy	Culinary Arts Services	Community Programming Services	Volunteer Services	Senior Services	Total Programs
Salaries and wages	$ 742,403	$ 246,623	$ 568,075	$ 212,912	$ 166,977	$ 189,515	$ 16,582	$ 174,766	$ 2,317,853
Payroll taxes and fringe benefits	160,627	46,442	123,899	45,192	29,189	39,787	2,986	36,418	484,540
	903,030	293,065	691,974	258,104	196,166	229,302	19,568	211,184	2,802,393
Professional fees	87,093	51,683	113,435	3,276	27,563	24,855	2,133	30,464	340,502
Supplies	5,427	611	11,375	717	8,057	2,248	3,811	2,234	34,480
Food	5,174	239	9,514	165	11,943	751	527	1,588	29,901
Occupancy	8,327	21,174	49,055	4,149	10,430	48,486	4,263	37,743	183,627
Telephone	498	1,131	2,619	2,287	557	2,589	228	2,015	11,924
Postage	42	290	45	46	12	16	36	104	591
Printing and copying	2,810	19	510	46	471	74	-	20	3,950
Insurance	1,288	3,276	7,590	642	1,614	7,502	660	5,840	28,412
Advertising and promotional	6,300	-	-	-	25	-	-	-	6,325
Dues and subscriptions	150	205	35	200	2,817	214	1,400	859	5,880
Conferences, meetings, and travel	4,258	245	25,533	4,103	10,029	47	-	7,608	51,823
Software and equipment rental	1,562	3,973	9,204	779	2,959	9,097	800	7,517	35,891
Bad debt	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Program events	-	-	4,655	-	-	9,490	-	233	14,378
Repairs and maintenance	1,639	4,168	9,657	817	2,053	9,545	839	7,430	36,148
Depreciation	16,424	41,761	96,751	8,184	20,572	115,630	8,408	91,441	399,171
	$ 1,044,022	$ 421,840	$ 1,031,952	$ 283,515	$ 295,268	$ 459,846	$ 42,673	$ 406,280	$ 3,985,396

See Notes to Financial Statements.

Center on Halsted

Statement of Functional Expenses (Continued)
Year Ended June 30, 2012 (With Comparative Totals for 2011)

		Supporting Services				
	Total Programs	Management and General	Development	Total Supporting Services	**2012 Total**	2011 Total
Salaries and wages	$ 2,317,853	$ 138,325	$ 172,833	$ 311,158	**$ 2,629,011**	$ 2,266,851
Payroll taxes and fringe benefits	484,540	40,601	27,063	67,664	**552,204**	445,329
	2,802,393	178,926	199,896	378,822	**3,181,215**	2,712,180
Professional fees	340,502	47,617	14,458	62,075	**402,577**	380,556
Supplies	34,480	22,518	6,951	29,469	**63,949**	65,216
Food	29,901	10,638	32,552	43,190	**73,091**	65,719
Occupancy	183,627	95,182	5,721	100,903	**284,530**	238,729
Telephone	11,924	5,082	288	5,370	**17,294**	15,114
Postage	591	2,168	7,934	10,102	**10,693**	14,637
Printing and copying	3,950	9,644	8,899	18,543	**22,493**	31,190
Insurance	28,412	14,727	835	15,562	**43,974**	47,867
Advertising and promotional	6,325	18,754	-	18,754	**25,079**	13,250
Dues and subscriptions	5,880	14,227	2,985	17,212	**23,092**	14,046
Conferences, meetings, and travel	51,823	5,053	675	5,728	**57,551**	61,426
Software and equipment rental	35,891	17,859	1,163	19,022	**54,913**	60,318
Bad debt	-	141,570	-	141,570	**141,570**	44,000
Interest	-	8,990	-	8,990	**8,990**	11,298
Program events	14,378	-	-	-	**14,378**	25,002
Repairs and maintenance	36,148	18,738	1,063	19,801	**55,949**	51,156
Depreciation	399,171	187,729	10,650	198,379	**597,550**	601,493
	$ 3,985,396	$ 799,422	$ 294,070	$ 1,093,492	**$ 5,078,888**	$ 4,453,197

See Notes to Financial Statements.

Center on Halsted

Statement of Cash Flows
Year Ended June 30, 2012 (With Comparative Totals for 2011)

	2012	2011
Cash Flows from Operating Activities		
Decrease in net assets	$ (571,454)	$ (91,923)
Amortization of advances on tenant contract	(200,000)	(200,000)
Depreciation	597,550	601,493
Provision for doubtful accounts	136,720	19,150
Unrealized (gain) loss on investments	73,627	(362,847)
Legal fee amortization	2,933	2,933
Changes in:		
Grants and other receivables	(6,856)	155,520
Pledges receivable	(9,716)	164,316
Prepaid expenses and deposits	(85,536)	5,965
Accounts payable	215,101	20,622
Accrued expenses	85	3,817
Deferred revenue	(47,954)	85,433
Net cash provided by operating activities	104,500	404,479
Cash Flows from Investing Activities		
Additions to property and equipment	(364,509)	(31,115)
Proceeds from sale of investments	404,499	484,868
Purchases of investments	(452,061)	(609,600)
Net cash used in investing activities	(412,071)	(155,847)
Cash Flows from Financing Activities		
Net borrowings (repayments) under line of credit	445,000	(275,000)
Increase (decrease) in cash	137,429	(26,368)
Cash:		
Beginning of year	12,801	39,169
End of year	$ 150,230	$ 12,801
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 8,990	$ 11,298

See Notes to Financial Statements.

Note 1. Nature of Activities and Significant Accounting Policies

Center on Halsted (the Center) is the most comprehensive community center dedicated to advancing the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) community and securing the health and well-being of LGBTQ people. Located in the heart of Chicago's Lakeview neighborhood, more than 1,000 individuals visit the Center every day. Community members participate in the diverse programs and services offered ranging from cooking classes, volleyball and theatrical performances to HIV testing and group therapy. The 175,000 square foot, silver LEED certified Center first opened its doors five years ago, building on the success of its preceding organization, Horizons Community Services, which was founded in 1973 as a resource for Chicago's growing LGBTQ community. The Center's facility also includes offices and meeting space for community organizations, program specific space for youth and senior adults, gallery space featuring exhibits from local LGBTQ artists, a 161-seat theater, a gymnasium and a rooftop garden along with ground level retail space and related underground parking.

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

Basis of presentation: The financial statements have been prepared in accordance with accounting principles applicable to nonprofit organizations in conformity with accounting principles generally accepted in the United States of America.

Classification of net assets

Unrestricted net assets: are available for support of the Center's operations and are not subject to donor-imposed restrictions. The Center also has a Board designated endowment fund, which is classified as unrestricted.

Temporarily restricted net assets: are subject to donor-imposed restrictions that may or will be met either by actions of the Center or the passage of time.

Permanently restricted net assets: are amounts for which the principal must remain intact per donor request and the earnings can be used for specified purposes or general operations to the extent of its investment income. The Center received a permanently restricted award during fiscal year 2012. See Note 10.

Cash: The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risk on cash.

Grants and other receivables and revenues: Grants and other receivables consist primarily of reimbursements due from various governmental agencies and client fees due from individuals. These receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Center's historical collection experience. At June 30, 2012, the Center had no allowance for doubtful accounts related to grants and other receivables.

Revenue from government grants is recognized when earned, which is to the extent that the related grant expenses have been incurred.

Rental income: The Center recognizes revenue from the rental of certain meeting and conference rooms as the revenue is earned. The Center also recognizes revenue from a long-term rental contract with a tenant ratably over the life of the lease.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. The fair value of investments is generally determined based on quoted market price or estimated fair value.

Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the statement of activities. Investments received as contributions are recorded at fair value at the date of receipt. The Center's investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect the Center's financial statements.

Property and equipment: Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the time of receipt. The Center capitalizes additions and improvements to existing property and equipment over $2,500 and having a useful life of more than one year. General maintenance and repairs are charged to expense. Depreciation is being provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are:

Buildings	40 years
Furniture and fixtures	7 years
Computer equipment	5 years
Computer software	3 years

Other assets: Included in other assets are all contributions of works of art and other similar non-depreciable items that have been recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations. The amount reported for these assets at June 30, 2012 is $204,535. In addition, the Center previously incurred legal costs in conjunction with a tenant contract agreement. The Center has capitalized these costs and began amortizing them over the term of the lease beginning July 2007. The unamortized balance at June 30, 2012 is $275,694, which is net of accumulated amortization of $14,665.

Deferred revenue: Cash received for the rental of meeting space and future events at the Center and grants are recorded as deferred revenue. The Center had deferred revenue at June 30, 2012 of $48,474.

Program service fees: Revenues from services charged for the Center's various programs are recognized when earned.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases this net asset class. If satisfaction of temporary restrictions occurs in the same year as revenue recognition, contributions are then recorded as unrestricted revenue. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional pledges are recorded net of a present value discount for any installments to be received at a date more than one year in the future. The allowance for uncollectible contributions is based upon management's analysis of various factors including prior collection history, type of contribution, and nature of fundraising activities. At June 30, 2012, the Center had an allowance for uncollectible contributions of $163,450.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In-kind contributions: The financial statements reflect amounts for in-kind contributions and donated services for which an objective basis is available to measure their value. The Center does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted income. The Center has recorded in-kind contributions, which included design services, program supplies and services, event services, and landscaping of $32,851 for the year ended June 30, 2012.

Functional allocation of expenses: The costs of providing the program and other activities have been presented on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This year, program costs include an allocation to Culinary Arts Services which focuses on workforce training and job development. Expenses that are common to program services, development and general administration are allocated based on management's determination.

Use of estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative data: The financial statements include certain prior year summarized comparative information in total but not in the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Income taxes: The Center, an Illinois nonprofit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The accounting standard on uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities during the year.

The Center files Forms 990 in the U.S. federal jurisdiction and the State of Illinois. The Center is generally no longer subject to examination by the Internal Revenue Service for years before fiscal 2009.

Subsequent events: The Center has evaluated subsequent events for potential recognition and/or disclosure through November 19, 2012, the date the financial statements were available to be issued.

Note 2. Pledges Receivable

Pledges receivable as of June 30, 2012, net of respective allowances, consist of:

Up to one year	$ 439,943
Two years	86,441
More than two years	1,328,201
	1,854,585
Present value discount (approximately 0.18 to 0.45 percent)	(12,170)
Allowance for uncollectible contributions	(163,450)
	$ 1,678,965

The present value discount rates are comparable to the Treasury's risk-free rate over similar time horizons.

Note 3. Fair Value Measurements

The accounting standard on fair value measurements provides a framework for measuring fair value under generally accepted accounting principles. The accounting standard defines fair value, establishes a framework for measuring fair value, sets out a fair value hierarchy and expands disclosures about fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the accounting standard as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the accounting standard are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 3. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. During the year ended June 30, 2012, there were no transfers between levels of investments.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2012.

Equity and fixed income mutual funds: Valued at the closing price reported on the active market on which the funds are traded.

Money market funds, public real estate investment trust, and commodity mutual funds: Valued at the net asset value (NAV) of shares held at year-end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

All financial instruments detailed in Note 4 to the financial statements are considered Level 1.

Note 4. Investments

Investments at June 30, 2012 consist of:

Money market funds	$ 159,564
Equity mutual funds	1,211,531
Fixed income mutual funds	376,223
Public real estate investment trust	43,527
Commodity mutual funds	90,415
	$ 1,881,260

Investment income and unrealized loss on investments for the year ended June 30, 2012 is $58,073 and $(73,627), respectively.

Note 5. Property and Equipment

Property and equipment at June 30, 2012 consist of:

Land	$ 6,762,611
Building	14,714,644
Furniture and fixtures	1,103,914
Computer equipment	417,359
Computer software	81,656
	23,080,184
Accumulated depreciation	(3,103,180)
	$ 19,977,004

Depreciation expense for the year ended June 30, 2012 totaled $597,550.

Note 6. Line of Credit

The Center has a revolving line of credit agreement with Bank of America that provides for borrowings up to $1,000,000. The line contains a variable rate of interest equal to the BBA LIBOR Daily floating rate plus 2.75 percentage points. At June 30, 2012, the rate was 2.99 percent. Collateral for the line are certain assets, including investments, equipment and receivables, of the Center. At June 30, 2012, the Center had $445,000 outstanding under the line of credit. The line expires on February 28, 2013, at which time management expects to renew the line.

Note 7. Long-Term Debt

Long-term debt at June 30, 2012 consists of a note payable to the City of Chicago at no interest, originally in the amount of $2,740,000, which was amended on June 28, 2007 to a revised amount due of $1,730,907 due to a soil remediation credit. The note is due and payable in its entirety on August 1, 2018 and collateralized by the Center on Halsted.

Note 8. Advances on Tenant Contract

The Center entered into a lease contract for the retail space, including the parking garage, at the Center for a term of 99 years commencing July 22, 2007 when the Center delivered possession of the premises to the tenant. Per the lease agreement, the tenant has prepaid the first 25 years of the base lease rent. The prepaid rent has been reported as advances on tenant contract on the statement of financial position and is being amortized over the prepayment period. The unamortized amount as of June 30, 2012 was $4,000,000.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 consist of:

Pledges receivable	$ 1,678,965
Corporate grant receivable	105,000
	$ 1,783,965

Note 10. Permanently Restricted Net Assets

During fiscal year 2012, the Center was awarded $125,000 from the Wallace Foundation. The funds are to be used as an internal line of credit to support expansion of program or delays in payments from external funders. Based on the agreement, the funds used each year are to be repaid by the end of the subsequent fiscal period after borrowing the funds. The amount has been reflected as a permanently restricted contribution during the year ended June 30, 2012. No amounts were borrowed from this restricted fund during the current fiscal year.

Note 11. Endowment Funds

The Center has a Board-designated endowment fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Center is not subject to the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) since it has no donor-restricted endowment funds. The Center's Board-designated endowment net assets as of June 30, 2012 are $1,881,260, and are classified within unrestricted net assets on the statement of financial position.

The changes in endowment net assets for the Center were as follows for the years ended June 30, 2012:

Endowment net assets, July 1, 2011	$ 1,907,325
Contributions	10,000
Investment income (loss):	
Unrealized losses	(73,627)
Dividends	53,264
Investment fees	(15,702)
Endowment net assets, June 30, 2012	$ 1,881,260

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include only Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to earn a long-term real return (net of management fees and inflation) of 5% per annum. Actual returns in any given year may vary from this amount.

Note 11. Endowment Funds (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved in accordance with the maximum and minimum range for each asset category described below. The Center targets a diversified asset allocation in accordance with the overall risk and return objectives of the portfolio. The Center also reviews its portfolio and, with the help of asset managers, tries to avoid investments in the securities of companies that actively and directly pursue corporate practices or policies that violate the rights of LGBTQ persons. The asset class and range is as follows:

Asset Class	Minimum	Target	Maximum	
Equity	59%	66%	80%	Large Cap, Mid Cap Stock
Fixed Income	19%	26%	35%	Core Fixed Income, High Yield
Alternate investments	0%	8%	15%	Real Estate, Alternative Funds

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of providing a cash income stream to the organization of up to 4% of the prior three calendar year's average net asset value of the fund, defined as the value of the fund net of any collateralized debt. During the year ended June 30, 2012, no funds have been spent from the endowment. It is the intention of management for spending to begin in fiscal year 2013 in accordance with the spending policy. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through contributions and investment returns.