

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gay & Lesbian Alliance Against Defamation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Gay & Lesbian Alliance Against Defamation, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2014, 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

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 audit. 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 auditors' 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 Gay & Lesbian Alliance Against Defamation, Inc. as of December 31, 2014, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Information

Summarized Comparative Information

We have previously audited Gay & Lesbian Alliance Against Defamation, Inc.'s 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year December 31, 2013, is consistent, in all material respect, with the audited financial statements from which it was has been derived.

Harrington Group

Pasadena, California

May 22, 2015

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014

With comparative totals at December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014</u>	<u>2013</u>
Assets				
Cash	\$ 1,068,181	\$ -	\$ 1,068,181	\$ 307,409
Pledges receivable - net (Note 3)	27,660		27,660	217,426
Other receivable			-	105,782
Prepaid expenses and other assets	201,522		201,522	134,393
Charitable trust (Note 4)	1,002,986	496,439	1,499,425	1,642,841
Investments (Note 5)	2,275,427		2,275,427	2,387,695
Property and equipment (Note 6)	95,480		95,480	114,594
Total assets	<u>\$ 4,671,256</u>	<u>\$ 496,439</u>	<u>\$ 5,167,695</u>	<u>\$ 4,910,140</u>
Liabilities and net assets				
Liabilities				
Accounts payable	\$ 109,733	\$ -	\$ 109,733	\$ 193,454
Accrued liabilities (Note 7)	132,746		132,746	109,794
Deferred revenue (Note 8)	101,080		101,080	61,650
Total liabilities	<u>343,559</u>	<u>-</u>	<u>343,559</u>	<u>364,898</u>
Net assets				
Unrestricted	2,566,363		2,566,363	2,517,792
Unrestricted board designated (Note 2)	1,761,334		1,761,334	1,381,520
Temporarily restricted (Note 11)		496,439	496,439	645,930
Total net assets	<u>4,327,697</u>	<u>496,439</u>	<u>4,824,136</u>	<u>4,545,242</u>
Total liabilities and net assets	<u>\$ 4,671,256</u>	<u>\$ 496,439</u>	<u>\$ 5,167,695</u>	<u>\$ 4,910,140</u>

The accompanying notes are an integral part of these financial statements.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2014

With comparative totals for the year ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014</u>	<u>2013</u>
Revenue and support				
Contributions	\$ 3,182,398	\$ 437,104	\$ 3,619,502	\$ 1,432,668
Media Awards program	2,473,835		2,473,835	2,514,930
Less: direct costs (Note 13)	<u>(1,914,392)</u>		<u>(1,914,392)</u>	<u>(1,488,180)</u>
	559,443	-	559,443	1,026,750
Special events - other events	823,273		823,273	1,488,874
Less: direct costs (Note 13)	<u>(569,694)</u>		<u>(569,694)</u>	<u>(732,005)</u>
	253,579	-	253,579	756,869
Investment income	128,723		128,723	89,606
Amortization of discount of charitable trust		59,335	59,335	111,176
Miscellaneous income	51,696		51,696	13,192
In-kind revenue (Note 2)	281,048		281,048	299,038
Net assets released from program restrictions	37,613	(37,613)	-	-
Net assets released from time restrictions	<u>608,317</u>	<u>(608,317)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,102,817</u>	<u>(149,491)</u>	<u>4,953,326</u>	<u>3,729,299</u>
Expenses				
Program services	3,686,255		3,686,255	3,508,886
Management and general	409,919		409,919	566,871
Fund development	<u>578,258</u>		<u>578,258</u>	<u>878,076</u>
Total expenses	<u>4,674,432</u>	<u>-</u>	<u>4,674,432</u>	<u>4,953,833</u>
Change in net assets	<u>428,385</u>	<u>(149,491)</u>	<u>278,894</u>	<u>(1,224,534)</u>
Net assets, beginning of year	<u>3,899,312</u>	<u>645,930</u>	<u>4,545,242</u>	<u>5,769,776</u>
Net assets, end of year	<u>\$ 4,327,697</u>	<u>\$ 496,439</u>	<u>\$ 4,824,136</u>	<u>\$ 4,545,242</u>

The accompanying notes are an integral part of these financial statements.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2014

With comparative totals for the year ended December 31, 2013

	Program Services	Management and General	Fund Development	Total Expenses	
				2014	2013
Salaries	\$ 1,652,601	\$ 105,954	\$ 240,565	\$ 1,999,120	\$ 1,926,643
Payroll taxes and benefits	304,571	19,527	44,336	368,434	394,699
Total personnel costs	<u>1,957,172</u>	<u>125,481</u>	<u>284,901</u>	<u>2,367,554</u>	<u>2,321,342</u>
Outside services (Note 2)	579,597	67,351	64,685	711,633	875,540
Occupancy	510,451	73,447	74,213	658,111	652,146
Travel	311,547	39,590	80,054	431,191	487,103
Telephone	62,070	8,882	9,132	80,084	95,734
Fees	17,675	47,655	2,101	67,431	85,644
Insurance	45,835	7,247	3,195	56,277	64,449
Equipment lease and maintenance	43,469	6,226	6,296	55,991	43,909
Meetings and conferences	17,328	4,892	28,648	50,868	53,922
Postage and printing	38,059	36	5,536	43,631	45,905
Direct mail expense	23,577	12,038	2,502	38,117	73,861
Depreciation	26,725	3,848	3,890	34,463	41,405
Supplies	17,182	2,260	4,532	23,974	17,631
Professional fees	17,061	2,456	2,483	22,000	21,599
Dues and subscriptions	7,766	1,626	3,448	12,840	15,896
Miscellaneous	2,835	6,773	2,376	11,984	16,152
Media materials and publications	7,906	111	266	8,283	3,792
Bad debt expense				-	37,803
Total 2014 functional expenses	<u>\$ 3,686,255</u>	<u>\$ 409,919</u>	<u>\$ 578,258</u>	<u>\$ 4,674,432</u>	
Total 2013 functional expenses	<u>\$ 3,508,886</u>	<u>\$ 566,871</u>	<u>\$ 878,076</u>		<u>\$ 4,953,833</u>

The accompanying notes are an integral part of these financial statements.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

With comparative totals for the year ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 278,894	\$ (1,224,534)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	34,463	41,405
Change in reserve for doubtful contributions receivable	(68,942)	(36,970)
Amortization of discount of charitable trust	(59,335)	(111,176)
Reinvested interest income	(72,093)	(71,323)
(Gain) on investments	(51,332)	(22,067)
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	258,708	(65,340)
Decrease (increase) in other receivable	105,782	(105,782)
(Increase) decrease in prepaid expenses and other assets	(67,129)	135,101
Decrease in charitable trust	202,751	1,034,524
(Decrease) increase in accounts payable	(83,721)	130,330
Increase (decrease) in accrued liabilities	22,952	(62,010)
Increase (decrease) in deferred revenue	39,430	(283,886)
Net cash provided (used) by operating activities	<u>540,428</u>	<u>(641,728)</u>
Cash flows from investing activities:		
Purchase of investments	(437,073)	(1,870,564)
Proceeds from sale of investments	672,766	1,645,717
Purchase of property and equipment	(15,349)	(4,993)
Net cash provided (used) provided by investing activities	<u>220,344</u>	<u>(229,840)</u>
Cash flows from financing activities:		
Principal payments on capital leases	-	(938)
Net cash (used) by financing activities	<u>-</u>	<u>(938)</u>
Net increase (decrease) in cash	760,772	(872,506)
Cash, beginning of year	<u>307,409</u>	<u>1,179,915</u>
Cash, end of year	<u>\$ 1,068,181</u>	<u>\$ 307,409</u>

The accompanying notes are an integral part of these financial statements.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization

The Gay & Lesbian Alliance Against Defamation, Inc. ("GLAAD") is a non-profit organization that has been granted exempt status under the section 501(c)(3) of the Internal Revenue Code.

GLAAD works with print, broadcast, and online news sources to bring people powerful stories from the lesbian, gay, bisexual, and transgender (LGBT) community that builds support for equality and accelerates acceptance of LGBT people. And when news outlets get it wrong, GLAAD is there to respond and advocate for fairness and accuracy.

GLAAD's entertainment work brings LGBT characters and plotlines to movie theaters, television sets and even comic books and works with writers, producers, and studios to ensure accurate and diverse representations of LGBT people on the big and small screens.

Through GLAAD's Spanish Language and Latino program, GLAAD continues to share stories from the LGBT community in Spanish-language and Latino media, helping to increase understanding and support among the Spanish-speaking community, the fastest-growing population in the country.

GLAAD continues its longstanding work to increase the quantity and quality of transgender representation in news, entertainment, and digital media.

The GLAAD Media Awards recognize and honor news and entertainment and media for their fair, accurate and inclusive representations of the LGBT community and the issues that affect our lives. The GLAAD Media Awards are held annually in Los Angeles and New York.

The San Francisco Gala is a celebration of national and Bay Area leaders advancing LGBT equality through the media. The SF Gala honors innovators who advance LGBT equality through tech and new media and helps GLAAD extend its long history and successful track record of advocating for LGBT inclusion in various media into a safe and inclusive digital world.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of GLAAD are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Unrestricted Board Designated. These are comprised of resources that the Board of Directors has established as being designated for operation purposes. The Board has designated 25% of the 2014 operating revenues to be kept in reserve. These funds are segregated in a separate account and are invested in fixed income funds, money market funds, or common stocks. For purposes of complying with net asset accounting, these funds of \$1,761,334 are included in the unrestricted net assets at December 31, 2014.

Temporarily Restricted. GLAAD reports gifts of cash and other assets as temporarily 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 the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit GLAAD to expend all of the income (or other economic benefits) derived from the donated assets. GLAAD had no permanently restricted net assets at December 31, 2014.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

GLAAD values its investments at fair value. Fair value of contributed investments has been measured on a non-recurring basis using quoted prices for identical assets in active markets. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or loss on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

GLAAD is required to measure certain investments, a charitable trust, pledged contributions received in the current year, and donated goods at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentration of Credit Risks

GLAAD places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. GLAAD has not incurred losses related to these investments.

GLAAD holds investments in the form of government fixed income funds, equities, and money market funds. The Board of Directors routinely reviews market values of these investments.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

continued

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. The fair value of contributed services and materials are measured on a non-recurring basis using quoted prices for similar assets. For the year ended December 31, 2014, GLAAD recorded a total of \$546,508 in donated goods/materials which was included as part of special event revenues and expenses. Of this amount, \$67,040, related to the value of unused travel vouchers, is included in “prepaid and other assets” at December 31, 2014. The amount of \$67,040 is expected to be expensed in the subsequent year due to the one-year term on the travel vouchers received. GLAAD also recorded \$281,048 in donated professional services (see Note 10) and that amount is reported as outside services in the Statement of Functional Expenses.

Income Taxes

GLAAD is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by GLAAD in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. GLAAD’s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing GLAAD’s programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. GLAAD uses salary dollars to allocate indirect costs.

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 that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with GLAAD's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Reclassification

Certain amounts from the December 31, 2013 financial statements have been reclassified to conform to the presentation for the year ended December 31, 2014.

Subsequent Events

Management has evaluated subsequent events through May 22, 2015, the date which the financial statements were available.

3. Pledges Receivable

Pledges receivable are recorded at estimated net realizable value in the period received. The total pledges receivable of \$27,660 at December 31, 2014, is expected to be collected within one year. At December 31, 2014, GLAAD has a \$133,139 allowance for uncollectible pledges based on management's determination of account collectability.

The following is a reconciliation of pledges receivable for the year ended December 31, 2014:

Beginning pledges receivable, net at January 1, 2014	\$ 217,426
New pledges	160,799
Payments collected	(220,876)
Pledges written off as bad debt	(60,747)
Change in allowance for bad debt	<u>(68,942)</u>
Ending pledges receivable, net at December 31, 2014	<u>\$ 27,660</u>

continued

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

4. Charitable Trust

GLAAD received notice in January 2008 that it had been named as a beneficiary in a charitable trust. Per the donor's will and testament, GLAAD is a 17.2414% beneficiary in a trust that was valued at \$46,343,288 as of the date of notification. As such, GLAAD's percentage share of the trust assets was valued at \$7,990,232 as of the same date. This trust instrument stipulates that GLAAD will receive 1/32 of its share in equal quarterly payments until its portion of the trust is exhausted. During the year ended December 31, 2014, the quarterly payments to GLAAD were \$258,631. A discount rate of 5% has been used to calculate the present value of the quarterly payments. At December 31, 2014, the present value of the charitable trust was \$1,499,425, of which \$496,439 is deemed temporarily restricted based on the timing of the collections (Note 11).

During the year, GLAAD was informed that as a result of prudent investments by the trust, it will be receiving two additional quarterly payouts in 2016. Due to an increase in the total distribution payout, the amount receivable at December 31, 2014 has been increased to \$1,499,425. This amount has been recorded in contributions in the current year.

5. Investments

Investments at December 31, 2014 consist of the following:

Government fixed income funds	\$1,561,971
Common stocks	520,443
Money market funds	<u>193,013</u>
	<u>\$2,275,427</u>

6. Property and Equipment

Property and equipment at December 31, 2014 consist of the following:

Computers and equipment	\$ 1,210,754
Furniture and fixtures	299,323
Leasehold improvements	<u>245,081</u>
	1,755,158
Less: accumulated depreciation	<u>(1,659,678)</u>
	<u>\$ 95,480</u>

Depreciation expense for the year ended December 31, 2014 was \$34,463.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. Accrued Liabilities

Accrued liabilities at December 31, 2014 consist of the following:

Accrued vacation	\$131,960
Other accrued liabilities	<u>786</u>
	<u>\$132,746</u>

8. Deferred Revenue

At December 31, 2014, deferred revenue of \$101,080 consists of revenue received for the Media Awards to be held in the next fiscal period. The amounts will be recorded as earned in the period in which the event is held.

9. Commitments and Contingencies

Obligations Under Operating Leases

GLAAD leases certain facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended December 31,</u>	
2015	\$ 552,690
2016	536,217
2017	328,587
2018	<u>45,842</u>
	<u>\$1,463,336</u>

Rent and lease expenses under operating leases for the year ended December 31, 2014 was \$658,111.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

10. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2014 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Charitable Trust	\$ -	\$ -	\$1,499,425	\$1,499,425
Fixed Income				
Corporate bond	1,114,734			1,114,734
Certificate of deposit	444,904			444,904
Preferred securities	<u>2,333</u>			<u>2,333</u>
Total fixed income	<u>1,561,971</u>	<u>-</u>	<u>-</u>	<u>1,561,971</u>
Equities				
Financial services	105,116			105,116
Industrials	93,002			93,002
Consumer defensive	62,510			62,510
Consumer cyclical	59,118			59,118
Energy	51,290			51,290
Healthcare	50,627			50,627
Technology	47,419			47,419
Utilities	19,060			19,060
Basic material	17,875			17,875
Communication services	12,286			12,286
Foreign	<u>2,140</u>			<u>2,140</u>
Total equities	<u>520,443</u>	<u>-</u>	<u>-</u>	<u>520,443</u>
Total	<u>\$2,082,414</u>	<u>\$ -</u>	<u>\$1,499,425</u>	<u>\$3,581,839</u>

The fair values of fixed income funds and common stock have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

continued

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

10. Fair Value Measurements, continued

The fair value of the charitable trust has been measured on a recurring basis by calculating the present value of the actual quarterly payments received at the discount rate of 5% (Level 3 inputs).

The following is a reconciliation of the Level 3 asset as of December 31, 2014:

	Charitable Trust
Fair value at January 1, 2014	\$ 1,642,841
Change in value of charitable trust:	
Partial distribution of charitable trust	(1,034,524)
Additional quarterly payouts	517,262
Increased distributed totals due to discount rate adjustment	314,511
Amortization of discount on distribution	59,335
Fair value at December 31, 2014	<u>\$ 1,499,425</u>

The table below presents the transactions measured at fair value during the year ended December 31, 2014 on a non-recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed goods	\$ -	\$546,508	\$ -	\$546,508
Contributed services	-	281,048		281,048
Pledged contributions – current year	-	-	<u>160,799</u>	<u>160,799</u>
Total	<u>\$ -</u>	<u>\$827,556</u>	<u>\$160,799</u>	<u>\$988,355</u>

The fair value of contributed materials and contributed services has been measured on a non-recurring basis using quoted prices for similar assets in inactive market (Level 2 inputs).

The fair value of pledged contributions has been measured on a non-recurring basis using the value of the pledge receivable agreement, and with consideration of the donor's credit worthiness (Level 3 inputs).

11. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$496,439 at December 31, 2014 consist of the charitable trust (Note 4).

During the fiscal year ended December 31, 2014, GLAAD released \$645,930 of temporarily restricted net assets, of which \$37,613 was released from program restrictions, and \$608,317 from time restrictions.

GAY & LESBIAN ALLIANCE AGAINST DEFAMATION, INC.

NOTES TO FINANCIAL STATEMENTS

12. Employee Benefit Plan

GLAAD has an Internal Revenue Code Section 403(b) qualified defined contribution retirement plan covering all of its employees, subject to certain eligibility requirements. GLAAD makes contributions at designated percentages of earnings in accordance with plan provisions. Employer contributions under this plan for the year ended December 31, 2014 were \$17,539, which were applied from the forfeiture account in the 403(b) plan.

13. Media Awards and Other Special Events Direct Costs

Direct costs for the Media Awards and other special events at December 31, 2014 are as follows:

	<u>Media Awards</u>	<u>Other Special Events</u>	<u>Total</u>
Event costs	\$1,381,592	\$483,512	\$1,865,104
In-kind expense	175,000	-	175,000
Personnel costs	120,424	35,836	156,260
Travel	99,906	43,941	143,847
Bad debt expense	133,139	-	133,139
Other	<u>4,331</u>	<u>6,405</u>	<u>10,736</u>
Total	<u>\$1,914,392</u>	<u>\$569,694</u>	<u>\$2,484,086</u>