

**GLAAD, INC.**

---

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019**

**PASADENA**  
234 E Colorado Blvd  
Suite M150  
Pasadena, CA 91101  
p: 626.403.6801

**A Trusted Nonprofit Partner**

Main Fax: 626.403.6866

[www.npocpas.com](http://www.npocpas.com)

**OAKLAND**  
1901 Harrison Street  
Suite 1150  
Oakland, CA 94612  
p: 510.379.1182

## CONTENTS

---

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16

## **INDEPENDENT AUDITORS' REPORT**

---

To the Board of Directors  
GLAAD, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of GLAAD, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2019, 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 GLAAD, Inc. as of September 30, 2019, 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 Matter

#### *Report on Summarized Comparative Information*

We have previously audited GLAAD Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respect, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

April 30, 2020

**GLAAD, INC.**

STATEMENT OF FINANCIAL POSITION  
September 30, 2019  
With comparative totals at September 30, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2019</b>	2018
<b>ASSETS</b>				
Cash	\$ 2,527,135	\$ -	\$ 2,527,135	\$ 325,292
Grants and pledges receivable, net (Note 4)	1,848,076	11,656,148	13,504,224	14,172,274
Prepaid expenses and other assets	170,875		170,875	113,504
Investments (Note 5)	4,260,086		4,260,086	2,398,365
Property and equipment (Note 6)	10,756		10,756	21,473
	<b>\$ 8,816,928</b>	<b>\$ 11,656,148</b>	<b>\$ 20,473,076</b>	<b>\$ 17,030,908</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 487,583	\$ -	\$ 487,583	\$ 475,805
Accrued liabilities (Note 7)	133,847		133,847	413,617
Deferred revenue (Note 8)	205,981		205,981	40,539
	<b>827,411</b>	<b>-</b>	<b>827,411</b>	<b>929,961</b>
<b>NET ASSETS</b>				
Without donor restrictions	4,330,671		4,330,671	1,069,887
Without donor restrictions - board designated (Note 2)	3,658,846		3,658,846	2,393,743
With donor restrictions (Note 11)		11,656,148	11,656,148	12,637,317
	<b>7,989,517</b>	<b>11,656,148</b>	<b>19,645,665</b>	<b>16,100,947</b>
	<b>\$ 8,816,928</b>	<b>\$ 11,656,148</b>	<b>\$ 20,473,076</b>	<b>\$ 17,030,908</b>

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

**GLAAD, INC.**

STATEMENT OF ACTIVITIES  
For the year ended September 30, 2019  
With comparative totals for the year ended September 30, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2019</b>	<b>2018</b>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 3,484,865	\$ 4,201,430	\$ 7,686,295	\$ 16,867,588
Special events	5,506,755		5,506,755	5,329,502
Less: direct costs (Note 13)	(2,742,600)		(2,742,600)	(3,831,317)
	<u>2,764,155</u>	<u>-</u>	<u>2,764,155</u>	<u>1,498,185</u>
Business development	2,004,940		2,004,940	522,887
In-kind revenue (Note 2)	500,067		500,067	562,432
Miscellaneous income	195,030		195,030	84,114
Investment income	143,508		143,508	138,428
Net assets released from program restrictions (Note 11)	4,201,430	(4,201,430)	-	-
Net assets released from time restrictions (Note 11)	981,169	(981,169)	-	-
	<u>14,275,164</u>	<u>(981,169)</u>	<u>13,293,995</u>	<u>19,673,634</u>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program services	7,380,511		7,380,511	7,276,475
Management and general	929,169		929,169	1,111,662
Fund development	1,439,597		1,439,597	1,482,893
	<u>9,749,277</u>	<u>-</u>	<u>9,749,277</u>	<u>9,871,030</u>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	<u>4,525,887</u>	<u>(981,169)</u>	<u>3,544,718</u>	<u>9,802,604</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,463,630</u>	<u>12,637,317</u>	<u>16,100,947</u>	<u>6,298,343</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 7,989,517</u>	<u>\$ 11,656,148</u>	<u>\$ 19,645,665</u>	<u>\$ 16,100,947</u>

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

**GLAAD, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>Media Institute Program</u>	<u>News and Rapid Response Program</u>	<u>Media Awards Program</u>	<u>Other Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total Expenses</u>	
								2019	2018
Salaries	\$ 1,103,976	\$ 670,931	\$ 833,067	\$ 236,277	\$ 2,844,251	\$ 199,863	\$ 718,878	\$ 3,762,992	\$ 3,680,234
Payroll taxes and benefits	204,000	123,979	153,940	43,661	525,580	18,254	136,062	679,896	570,031
Total personnel costs	<u>1,307,976</u>	<u>794,910</u>	<u>987,007</u>	<u>279,938</u>	<u>3,369,831</u>	<u>218,117</u>	<u>854,940</u>	<u>4,442,888</u>	<u>4,250,265</u>
Outside services (Note 2)	506,749	307,973	382,396	108,456	1,305,574	330,084	255,729	1,891,387	1,854,921
Other programmatic expenses	387,706	235,625	292,566	82,978	998,875	1,217	62,183	1,062,275	1,028,089
Occupancy	209,235	127,161	157,890	44,781	539,067	202,232	15,345	756,644	649,077
Travel	148,056	89,980	111,724	31,687	381,447	14,861	80,373	476,681	834,663
Bank and credit card fees	47,671	28,972	35,973	10,203	122,819	33,370	58,013	214,202	139,804
Telephone	52,126	31,679	39,335	11,156	134,296	48,129	14,709	197,134	277,248
Insurance	32,413	19,699	24,459	6,937	83,508	34,065	2,582	120,155	101,748
Miscellaneous	37,262	22,646	28,118	7,975	96,001	1,444		97,445	30,742
Direct mail expenses	17,772	10,801	13,411	3,804	45,788	8,338	42,945	97,071	88,249
Media materials and publications (Note 2)	34,143	20,750	25,765	7,307	87,965	18	7,899	95,882	160,415
Dues and subscriptions	21,115	12,832	15,933	4,519	54,399	1,208	13,007	68,614	28,924
Postage and printing	18,948	11,516	14,298	4,055	48,817	6,479	9,285	64,581	51,680
Equipment lease and maintenance	13,692	8,321	10,332	2,930	35,275	7,345	9,665	52,285	67,077
Supplies	12,035	7,314	9,082	2,576	31,007	9,155	2,277	42,439	42,093
Meetings and conferences	8,146	4,950	6,147	1,743	20,986	2,965	9,877	33,828	227,335
Professional fees	6,757	4,107	5,099	1,446	17,409	7,102	538	25,049	22,324
Depreciation	2,890	1,757	2,181	619	7,447	3,040	230	10,717	16,376
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,864,692</u></b>	<b><u>\$ 1,740,993</u></b>	<b><u>\$ 2,161,716</u></b>	<b><u>\$ 613,110</u></b>	<b><u>\$ 7,380,511</u></b>	<b><u>\$ 929,169</u></b>	<b><u>\$ 1,439,597</u></b>	<b><u>\$ 9,749,277</u></b>	
TOTAL 2018 FUNCTIONAL EXPENSES					<u>\$ 7,276,475</u>	<u>\$ 1,111,662</u>	<u>\$ 1,482,893</u>		<u>\$ 9,871,030</u>

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

**GLAAD, INC.**

## STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,544,718	\$ 9,802,604
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,717	16,376
Net change in donated travel vouchers (other assets)	-	47,900
Investment (income)	(143,508)	(138,428)
Change in value of the discount on pledges receivable	(38,831)	2,393,619
(Increase) decrease in operating assets:		
Pledges receivable	706,881	(14,669,557)
Prepaid expenses and other assets	(57,371)	25,057
Increase (decrease) in operating liabilities:		
Accounts payable	11,778	128,268
Accrued liabilities	(279,770)	172,383
Deferred revenue	165,442	(397,509)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,920,056</u>	<u>(2,619,287)</u>
<b>CASH FLOWS TO INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,750,000)	(624,000)
Proceeds from sale of investments	31,787	2,145,293
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(1,718,213)</u>	<u>1,521,293</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>2,201,843</u>	<u>(1,097,994)</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>325,292</u>	<u>1,423,286</u>
<b>CASH, END OF YEAR</b>	<u>\$ 2,527,135</u>	<u>\$ 325,292</u>

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



# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Organization

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

GLAAD is the world’s largest lesbian, gay, bisexual, transgender, and queer (“LGBTQ”) media advocacy organization promoting and ensuring fair, accurate and inclusive representation of people and events in the media as a means to build a culture that embraces full acceptance of the LGBTQ community, thereby eliminating homophobia, transphobia, and discrimination based on gender identity and sexual orientation.

GLAAD works across all media to bring people powerful stories from the LGBTQ community that builds support for equality and accelerates acceptance of LGBTQ people. And when news outlets get it wrong, GLAAD is there to respond and advocate for fairness and accuracy.

GLAAD’s Entertainment Media Team accelerates acceptance by advocating for fair, accurate, and inclusive representation of LGBTQ people in the media including film, television, comics, video games, and music. This team also combats problematic content and instances of defamation in entertainment. As part of the entertainment program, the GLAAD Media Awards recognize and honor media for their fair, accurate and inclusive representations of the LGBTQ community and the issues that affect their lives. They also fund GLAAD’s work to amplify stories from the LGBTQ community that build support for equality and acceptance. The GLAAD Media Awards are held annually in Los Angeles and New York.

GLAAD’s Spanish-Language & Latino Media program shares the stories of LGBTQ people via Spanish-language and Latino news and entertainment media to build acceptance of LGBTQ people and increase support for equality among the fastest growing population in the U.S. The program provides vital resources to advocates and media alike on how to communicate with this audience both in the U.S. and abroad.

GLAAD’s Transgender Media program accelerates acceptance for transgender people by increasing the quantity and quality of transgender representation in news, entertainment, and digital media. This team also challenges depictions of transgender people that are stereotypical, sensationalistic, or based on misinformation. The team works directly with transgender people who wish to tell their stories in the media, helping them craft their messages and giving them the tools they need to be effective when talking to journalists.

The GLAAD Media Institute accelerates acceptance through storytelling and media engagement. The Institute provides activist, spokesperson, and media engagement training and education for LGBTQ and allied community members and organizations desiring to deepen their media impact. Using the best practices perfected by GLAAD from more than 30 years of experience leveraging media to create change, through the Institute, GLAAD is training a new generation of advocates in order to accelerate acceptance for LGBTQ people, as well as other marginalized communities.

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. **Organization**, continued

GLAAD's News & Rapid Response program works with journalists and news outlets in print, broadcast, and online, serving as a resource to newsmakers and ensuring that the news media is accurately and fairly representing LGBTQ people in its reporting.

GLAAD's Youth Engagement Program is creating a nationwide network of young LGBTQ and ally activists nationwide who promote LGBTQ acceptance. Within this program, the Campus Ambassador Program builds a volunteer network of university and college LGBTQ and ally students who work with GLAAD and in their local communities to take action and build a movement to accelerate acceptance and end hate. The Rising Star Grants Program acknowledges and celebrates young people's commitment to enhancing LGBTQ representation within their communities and culture at large. Spirit Day, which began in 2010 as a way to show support for LGBTQ youth and take a stand against bullying, has grown into one of the most visible pro-LGBTQ youth initiatives in the nation.

GLAAD's Digital Program helps GLAAD accomplish its mission of media advocacy in the online space by overseeing the organization's entire digital footprint including social media, website, email, and content partnerships. By employing best practices in online organizing and engagement we help every department within GLAAD accomplish their objectives and accelerate acceptance of LGBTQ people online.

### 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.

#### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated \$3,658,846 from net assets without donor restrictions for an operating reserve. The designated amount represents 25% of the 2019 operating revenue less pledges. These funds are segregated in a separate account and are invested in fixed income funds, money market funds, or common stock.

continued

**2. Summary of Significant Accounting Policies, continued**

**With Donor Restrictions.** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**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. Pledges receivable of \$13,504,224 at September 30, 2019 is expected to be collected over multiple years (see Note 4).

**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, and donated goods and services 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.

**2. Summary of Significant Accounting Policies, continued**

**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 mutual 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.

**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. For the year ended September 30, 2019, GLAAD recorded \$500,067 in donated goods/materials, travel vouchers, and professional services. Of that amount, \$42,800 was related to travel vouchers and \$176,865 was related to legal and other professional expenses. Both of these expense categories were included in outside services in the Statement of Functional Expenses; and the remaining \$280,402 was related to events and was included as part of special event revenue and expenses at September 30, 2019.

**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.

2. **Summary of Significant Accounting Policies**, continued

**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.

**Recently Adopted Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. GLAAD's financial statements for year ended September 30, 2019 are presented in accordance with ASU 2016-14.

**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 nine-month period ended September 30, 2018, from which the summarized information was derived.

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### Reclassification

For comparability, certain September 30, 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at September 30, 2019.

### 3. Liquidity and Availability of Resources

As of September 30, 2019, the following tables show the total financial assets held by GLAAD and the amounts of those financial assets that could readily be made available within one year of the fiscal year-end to meet general expenditures:

#### Financial assets at year-end

Cash and cash equivalents	\$ 2,527,135
Cash reserve	2,123,958
Grants and pledges receivable	13,504,224
Investments, net of cash reserve	<u>2,136,128</u>
Total financial assets at year-end	<u>\$20,291,445</u>

#### Financial assets available to meet general expenditures over the next twelve months:

Cash and cash equivalents	\$2,527,135
Cash reserve	2,123,958
Grants and pledges receivables, without donor and time restrictions	1,848,076
Investments, net of cash reserve	<u>2,136,128</u>
Total financial assets available within one year	<u>\$8,635,297</u>

### 4. Grants and Pledges Receivable

Grants and pledges receivable are recorded as support when pledged unless designated otherwise. Additionally, all grants and pledges are valued at estimated fair value at September 30, 2019, and are deemed fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Discount rates ranging from .5% to 3% has been used to calculate the present value of pledges receivable. Pledges receivable at September 30, 2019 are expected to be collected as follows:

Within one year	\$ 828,076
One to five years	5,040,000
Thereafter	<u>10,000,000</u>
	15,868,076
Less: unamortized discount on pledges receivable	<u>(2,363,852)</u>
	<u>\$13,504,224</u>

continued

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

---

#### 5. Investments

Investments at September 30, 2019 consist of the following:

Mutual funds	\$3,506,068
Equities	670,598
Money market funds	<u>83,420</u>
	<u>\$4,260,086</u>

#### 6. Property and Equipment

Property and equipment at September 30, 2019 consist of the following:

Computers and equipment	\$ 1,262,189
Furniture and fixtures	300,646
Leasehold improvements	<u>247,496</u>
	1,810,331
Less: accumulated depreciation	<u>(1,799,575)</u>
	<u>\$ 10,756</u>

Depreciation expense for the year ended September 30, 2019 was \$10,717.

#### 7. Accrued Liabilities

Accrued liabilities at September 30, 2019 consist of the following:

Accrued vacation	\$131,293
Other accrued liabilities	<u>2,554</u>
	<u>\$133,847</u>

#### 8. Deferred Revenue

At September 30, 2019, deferred revenue of \$205,981 consists of revenue received for activities to be held in the next fiscal quarter. The amounts will be recorded as earned in the period in which the programs are conducted.

continued

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### 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 ending September 30,</u>	
2020	\$ 557,213
2021	404,993
2022	<u>270,251</u>
	<u>\$1,232,457</u>

Rent and lease expenses under operating leases for the year ended September 30, 2019 was \$673,444

### 10. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2019 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Short-term bond	\$1,273,342	\$ -	\$ -	\$1,273,342
Corporate fund	999,925			999,925
Intermediate-term bond	486,253			486,253
Large value	166,411			166,411
Large growth	193,024			193,024
Nontraditional bond	163,639			163,639
Ultrashort bond	113,272			113,272
Multisector bond	<u>110,202</u>			<u>110,202</u>
Total mutual funds	<u>3,506,068</u>	<u>-</u>	<u>-</u>	<u>3,506,068</u>
Equities				
Large blend	499,748			499,748
World stock	<u>170,850</u>			<u>170,850</u>
Total equities	<u>670,598</u>	<u>-</u>	<u>-</u>	<u>670,598</u>
Total	<u>\$4,176,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,176,666</u>

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

continued



## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

---

#### 10. Fair Value Measurements, continued

The table below presents the transactions measured at fair value during the year ended September 30, 2019 on a non-recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated goods/materials	\$ -	\$323,452	\$ -	<b>\$323,452</b>
Donated professional services		<u>176,615</u>		<u>176,615</u>
Total	<u>\$ -</u>	<u>\$500,067</u>	<u>\$ -</u>	<u><b>\$500,067</b></u>

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

#### 11. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2019, are restricted for the following purposes:

<u>Time Restrictions:</u>	\$14,000,000
Less: unamortized discount on time-restricted pledges	<u>(2,363,852)</u>
Time-restricted, net of discount	11,636,148
 <u>Purpose Restrictions:</u>	
GLAAD Media Institute	<u>20,000</u>
Net assets with donor restrictions	<u><b>\$11,656,148</b></u>

During the year ended September 30, 2019, GLAAD released \$5,182,599 of net assets with donor restrictions, of which \$4,201,430 was released from purpose restrictions, and \$981,169 from time restrictions.

#### 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 contribution and administrative fees under this plan for the year ended September 30, 2019 were \$40,481.

continued

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

---

#### 13. Special Events - Direct Costs

Direct costs for the special events at September 30, 2019 are as follows:

Event costs	\$2,407,563
Personnel costs	175,949
Travel	65,072
Other	63,815
Outside services	<u>30,201</u>
Total	<u>\$2,742,600</u>

#### 14. Subsequent Events and Transactions

##### Financial Transactions

Subsequent to year-end, GLAAD received approximately \$6.3 million in contributions from Gilעד Sciences Inc.

Also, subsequent to year-end, GLAAD obtained a line of credit from a bank in the amount of \$1 million, due October 2020, with an interest rate equal to the greater of two percent (2.00%) per annum, or the fluctuating variable LIBOR interest rate plus two and a half (2.50%) per annum.

##### COVID-19

Due to the COVID-19 crisis, GLAAD has had to postpone two of its events, the New York Media Awards and the Los Angeles Media Awards which were scheduled in March and April 2020.

Also, subsequent to September 30, 2019, the stock market experienced a significant decline in value due to the COVID-19 crisis. As of April 30, 2020, the Dow Jones Industrial average declined approximately 10% since September 30, 2019. During the same period, it is estimated that GLAAD's investments declined by 7% or \$107,626 (estimate). GLAAD will continue to monitor its investments as it has successfully done in the past but has no immediate plans to change its investment portfolio.

No adjustments were made to the financial statements at September 30, 2019 as a result of the transactions noted above. Management has evaluated subsequent events through April 30, 2020, the date which the financial statements were available for issue. No other events or transactions have occurred during this period that appear to require recognition or disclose in the financial statement.